TRANSCENDING TOMORROW
Integrated Annual Report 2021
TRANSCENDING TOMORROW

Following the unprecedented events of the past two years, Sunway REIT has taken the bold step to renew long-term value to unitholders, even as we navigate through the uncertainties brought about by the pandemic going forward. We have refreshed our TRANSCEND 2025 strategy to capture the opportunities present now as we transcend forward with our business partners and communities to accomplish our goals through the TRANSCEND 2027 strategy.

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This report is available online at www.sunwayreit.com/investor-relations

Please email irsunreit@sunway.com.my to request for a printed copy of this Integrated Annual Report. For environmental preservation, we encourage the use of softcopy.
This report presents information on our financial and non-financial performance from 1 July 2020 to 31 December 2021 (FP2021) unless stated otherwise, for Sunway REIT’s properties and operations, which include operations where we have full control, as well as our subsidiaries. The longer duration is due to the change of our financial year end from 30 June to 31 December.

SUSTAINABILITY

This report discloses Sunway REIT’s sustainability practices that have been embedded in our value creation journey. It details how Sunway REIT navigates and integrates environmental, social and governance risks and opportunities. The report covers the sustainability performance of assets that are owned and managed by Sunway REIT. We have initiated data collection for Sunway REIT’s assets that are not managed by Business Unit Management Team, except for SunCity Ipoh Hypermarket and Sunway REIT Industrial - Shah Alam 1. We endeavour to improve our disclosures for the assets not managed by Business Unit Management Team in the next reporting period. Information reported about employees are referred to as the employees of the Manager. Our most recent sustainability statement was published on 28 August 2020.

Sunway REIT is a constituent of the FTSE4GOOD Bursa Malaysia Index since 2016 and remains as a constituent of the index in the latest evaluation in December 2021.

LIST OF PROPERTIES REPORTED IN SUSTAINABILITY STATEMENT

<table>
<thead>
<tr>
<th>SEGMENT</th>
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| RETAIL  | - Sunway Pyramid Shopping Mall  
          - Sunway Carnival Shopping Mall  
          - Sunway Clio Property (Retail)  
          - Sunway Putra Mall |
| HOTEL   | - Sunway Resort Hotel  
          - Sunway Pyramid Hotel  
          - Sunway Clio Property (Hotel)  
          - Sunway Putra Hotel  
          - Sunway Hotel Seberang Jaya  
          - Sunway Hotel Georgetown |
| OFFICE  | - Menara Sunway  
          - Sunway Tower  
          - Sunway Putra Tower  
          - Wisma Sunway  
          - The Pinnacle Sunway |
| SERVICES| - Sunway university & college campus  
          - Sunway Medical Centre (Tower A & B) |
We are one of the leading REITs in Malaysia, with an attractive and diversified portfolio. Our assets are strategically located in master-planned townships with strong pipeline of assets from our Sponsor, Sunway Berhad, to support our continued growth.

We are strong advocates of sustainability initiatives, being a signatory of the Task Force on Climate-Related Financial Disclosures, and recently issued our first sustainability-linked bond.

We are backed by a team of strong, experienced and active managers focused on obtaining optimal returns for unitholders – TRANSCEND 2027 Roadmap for sustainable long-term growth.

We uphold the highest standards of corporate governance and have been repeatedly recognised for our efforts.

We are one of the leading REITs in Malaysia, with an attractive and diversified portfolio.

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CASE STUDY - Creating Sustainable Value for Our Stakeholders

Sunway REIT delivers long-term sustainable value to its stakeholders by incorporating strategic enablers and optimising the use of its capitals to drive organic and inorganic growth. The underlying principles as we explore organic and inorganic growth is to implement enablers to scale towards achieving sustainable growth.

Our efforts are aligned to our Transcend 2027 strategies, seeks to unlock the maximum value from its existing assets in the portfolio through active asset enhancement initiatives and property development activities as well as from yield-accretive acquisitions.

**Strategies to Drive Organic Growth**

- **Rental Assistance and Marketing Programme**
  - Up to RM160 million
  - 97% retail segment’s average occupancy rate (FP2021)

- **COVID-19 Immunisation Programme**

**Strategies to Drive Inorganic Growth**

- **Acquisition of The Pinnacle Sunway**
  - Office segment:
    - Property Yield: 5.4%
    - Average occupancy rate (FP2021): 84%

- **Expansion of Sunway Carnival Shopping Mall**
  - Additional NLA: 350,000 sq.ft.
  - Additional Tenants: 150 stores

- **Transformation of Sunway Resort Hotel**

- **First Gordon Ramsay Bar & Grill in Malaysia**

**Additional Information**

- **The Link Sunway Pyramid Shopping Mall**
  - Creation of new NLA: 46,000 sq.ft.

- **New Office Space at Sunway Resort Hotel**
  - Creation of new NLA: 30,000 sq.ft.
Corporation Profile

Sunway REIT was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) on 8 July 2010. The market capitalisation of Sunway REIT stood at RM4.8 billion as at 31 December 2021.

Sunway REIT is a component of FTSE Bursa Malaysia Mid 70 Index, FTSE Bursa Malaysia Top 100 Index, FTSE Bursa Malaysia Emas Index, FTSE ASEAN All-Share Index, FTSE ASEAN All-Share ex Developed Index, FTSE ASEAN Malaysia Index, FTSE4Good Bursa Malaysia Index, Bursa Malaysia REIT Index, GPR APREA Composite REIT Index - Malaysia, FTSE EPRA/NAREIT Asia Pacific Index, FTSE EPRA/NAREIT Emerging REIT Index and MSCI Malaysia Small Cap Index.

Sunway REIT owns a portfolio of 18 assets comprising 4 retail malls, 6 hotels, 5 offices, a medical centre, an industrial property and an education asset with a combined property value of RM8.7 billion as at 31 December 2021.

Sunway REIT’s assets are primarily located in Sunway City Kuala Lumpur (Sunway City) where its flagship asset, Sunway Pyramid Shopping Mall, is located. Other assets in Sunway City include Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Clio Property (comprising Sunway Clio Hotel and Sunway Clio Retail), Menara Sunway, The Pinnacle Sunway, Sunway Medical Centre (Tower A & B) and Sunway university & college campus.

Sunway REIT owns four properties in Kuala Lumpur, namely Sunway Tower and the remaining three assets which constitute part of the 3-in-1 integrated development, Sunway Putra. Sunway Putra consists of Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.

Sunway REIT also owns two properties in Shah Alam, namely Wisma Sunway and Sunway REIT Industrial – Shah Alam 1.

In the northern region, Sunway REIT also owns SunCity Ipoh Hypermarket in Perak, as well as Sunway Hotel Seberang Jaya, Sunway Hotel Georgetown and Sunway Carnival Shopping Mall in Penang.
**RISK MANAGEMENT WORKING GROUP**

**Chairman**
Tengku Nurul Azian Binti Tengku Shahriman

**Non-Executive Director**
Sarena Cheah Yein Th'ng, S.M.A.

**Non-Executive Directors**
Ng Sing Hwa

**SUSTAINABILITY WORKING GROUP**

**Chairman**
Irene Sin May Lin

**Non-Executive Director**
Cheng Jew Keng

**Non-Executive Directors**
Chan Hoi Choy

**Non-Independent**
Cheng Shiu Ling (Risk Officer)

**INVESTMENT APPRAISAL WORKING GROUP**

**Chairman**
Sarena Cheah Yein Th'ng, S.M.A.

**Non-Independent**
Yeo Kai Peng

**Non-Executive Directors**
Sarena Cheah Yein Th'ng, S.M.A.

**Company Secretary of the Manager**
Ng Sing Hwa (Chairman)

**Nomination and Remuneration Committee**

**Chairman**
Sarena Cheah Yein Th'ng, S.M.A.

**Non-Independent**
Cheng Jew Keng

**Sustainability Committee**

**Chairman**
Irene Sin May Lin

**Non-Independent**
Cheng Jew Keng

**Non-Executive Directors**
Chiew Kew Eng

**Non-Executive Director**
Alex Castaldi

**Company Secretary of the Manager**
Ng Sing Hwa

**Company Secretary of the Manager**
Elvin A/L Berty Luke Fernandez

**Non-Independent**
Ng Sing Hwa

**Non-Executive Directors**
Sarena Cheah Yein Th'ng, S.M.A.

**Chairman**
Dato’ Jeffrey Ng Tiong Lip

**Non-Independent Executive Director**
Tan Sri Ahmad Bin Mohd Don

**Chief Executive Officer**
Dato’ Jeffrey Ng Tiong Lip

**Senior Independent Non-Executive Director**
Elvin A/L Berty Luke Fernandez

**INVESTMENT RELATIONS**

**Chairman**
Ng Sing Hwa (Chairman)

**Non-Independent**
Yeo Kai Peng

**Non-Executive Directors**
Sarena Cheah Yein Th'ng, S.M.A.

**Company Secretary of the Manager**
Ng Sing Hwa

**Non-Independent**
Cheng Shiu Ling (Risk Officer)

**INVESTMENT PERFORMANCE**

**Chairman**
Sarena Cheah Yein Th'ng, S.M.A.

**Non-Independent**
Yeo Kai Peng

**Non-Executive Directors**
Sarena Cheah Yein Th'ng, S.M.A.

**Company Secretary of the Manager**
Ng Sing Hwa

**Non-Independent**
Cheng Shiu Ling (Risk Officer)

**INVESTMENT WORKING GROUP**

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Tan Sri Ahmad Bin Mohd Don

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Dato’ Jeffrey Ng Tiong Lip

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Cheng Jew Keng

**Non-Executive Directors**
Chiew Kew Eng

**Non-Executive Director**
Alex Castaldi

**Company Secretary of the Manager**
Ng Sing Hwa

**Non-Independent**
Cheng Shiu Ling (Risk Officer)

**SUSTAINABILITY WORKING GROUP**

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Cheng Shiu Ling (Risk Officer)

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Cheng Shiu Ling (Risk Officer)
Sunway Berhad has 40.9% investment in Sunway REIT as at 31 December 2021.

Sunway Resort Hotel Sdn Bhd (SRH) is the lessee for Sunway Resort Hotel, Sunway Pyramid Hotel and Sunway Clio Hotel.

Sunway Putra Hotel Sdn Bhd (SPH) is the lessee for Sunway Putra Hotel.

Sunway Hotel (Seberang Jaya) Sdn Bhd (SHSJ) is the lessee for Sunway Hotel Seberang Jaya.

Sunway Biz Hotel Sdn Bhd (SBH) is the lessee for Sunway Hotel Georgetown.

Sunway Medical Centre Sdn Bhd (SMC) is the lessee for Sunway Medical Centre (Tower A & B).

Sunway Education Group Sdn Bhd (SEG) is the lessee for Sunway university & college campus.

DCH Contract Manufacturing Sdn Bhd is the lessee for Sunway REIT Industrial – Shah Alam 1.

The hotel lessees are wholly owned subsidiaries of Sunway Berhad whilst SMC is a 90.26% owned subsidiary.

Sunway Clio Property comprises a hotel and a retail component.
since opening its doors in 1997, Sunway Pyramid Shopping Mall, Malaysia's first themed shopping and lifestyle destination, has undergone a magnificent transformation to herald a new shopping empire that boasts more than four million sq.ft. in gross floor area.

Inspired by the legends of Ancient Egypt, the iconic Sphinx stands guard at the entrance, flanked by two landmarks Grand Domes – the Blue Atrium, vibrant and flowing like the Great River Nile, and the Orange Atrium, radiant and warm as the Sun God 'Ra'. Hieroglyphs and monumental art embellish the facade and interior of the complex, adding to its curated ambience.

Integrated with attractions and amenities, Sunway Pyramid Shopping Mall is a crown jewel that includes regional and international retailers, shoppers can truly indulge in a wholesome range of offerings from fashion boutiques and restaurants to a cineplex and a fitness centre.

In response to growing long-term demand, Sunway Carnival Shopping Mall is currently undergoing expansion, which will double its gross floor area (GFA) and add an additional 350,000 sq.ft. of new net lettable area (NLA) upon completion in 2022. This will be followed by the refurbishment of the first phase of the mall, which is expected to further reinforce Sunway Carnival Shopping Mall’s position as the leading lifestyle destination in Mainland Penang.

### THE MAINLAND’S TREASURED MALL

Sunway Carnival Shopping Mall is a stylish four-storey shopping mall strategically located at the heart of Seberang Jaya, Penang – a well-integrated township initiated by the government to boost the administrative, residential, commercial and industrial sector of Malaysia’s northern region.

The mall opened in June 2007 and is one of Mainland Penang’s largest and most popular retail havens, welcoming eight million visitors annually. With approximately 200 specialty stores including regional and international retailers, shoppers can truly indulge in a wholesome range of offerings from fashion boutiques and restaurants to a cineplex and a fitness centre.

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### YOUR UNIQUE LIFESTYLE ADVENTURE

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Integrated with attractions and amenities, Sunway Pyramid Shopping Mall is a crown jewel that serves all, providing a unique shopping adventure for visitors from around the world with 360° immersive retail experience complete with approximately 700 specialty outlets offering a diverse selection of fashion, accessories, shoes, jewellery, timepieces, music, gifts, souvenirs, leathers, books, pharmacies, electrical appliances, home furnishing, wellness and IT products.
SUNCITY IPOH HYPERMARKET

SunCity Ipoh Hypermarket opened in 2005 as a single-storey hypermarket master-planned and developed by the Sponsor in collaboration with the Perak State Government. Located strategically in Sunway City Ipoh, a pioneering township in the area with 25 years of rich history, the hypermarket is currently tenanted to TF Value-Mart, an established retail chain operating 39 outlets nationwide.

Conveniently linked to the North-South Expressway between Kuala Lumpur and Penang, SunCity Ipoh Hypermarket is expected to be further boosted by a substantial increase in planned residential properties, an upcoming medical centre and mall in Sunway City Ipoh over the next four years, following in the footsteps of the successful flagship Sunway City with diverse and synergistic offerings such as the Lost World of Tambun theme park, the 174-room Lost World hotel and the luxurious Banjaran Hotsprings Retreat.

LOCATION
Perak

DATE OF ACQUISITION
8 July 2010

ACQUISITION PRICE
(RM'million)
46

TITLE, EXPIRY DATE, YEARS REMAINING
PN 258216 Lot 331232, 22 February 2100, 79 years

MUKIM HULU KINTA, DAERAH KINTA, NEGERI PERAK

TENURE
99 years

ENCUMBRANCE
Charged to Public Investment Bank Berhad

YEAR OF COMPLETION
2005

APPRAISED VALUE
(RM'million)
53

DATE OF LATEST VALUATION
December 2021

VALUED BY
Savills (Malaysia) Sdn Bhd

AGE OF BUILDING
16 years

SUNWAY PUTRA MALL

Sunway Putra Mall, a self-sustained integrated development at the heart of the Diamond Triangle, is one of the most vibrant business hubs and residential districts in downtown Kuala Lumpur. An iconic landmark with more than three decades of history, the complex was extensively refurbished and reopened in 2015 with a completely new modern architectural design and a revamped interior layout.

Connected to nearby LRT and KTM stations via covered pedestrian walkways, the mall enjoys superb access and connectivity, hosting more than 200 local and international brands across nine levels of retail podiums. From stylish fashion to designer apparels, gastronomic feasts to local fare, and cinematic entertainment to relaxing wellness, Sunway Putra Mall provides a diverse range of offerings for surrounding residents and tourists to enjoy.

LOCATION
Kuala Lumpur

DATE OF ACQUISITION
19 April 2011

ACQUISITION PRICE
(RM'million)
219

TITLE, EXPIRY DATE, YEARS REMAINING
Geran 10012, Lot 38, Seksyen 51, Kuala Lumpur, Wilayah Persekutuan

WILAYAH PERSEKUTUAN

TENURE
Freehold

ENCUMBRANCE

i. Charged to Public Investment Bank Berhad

ii. Lienholder’s caveat by Public Investment Bank Berhad

iii. 30 years lease to Tenaga Nasional Berhad expiring 4 April 2047

YEAR OF COMPLETION
1988 (Refurbished in 2015)

APPRAISED VALUE
(RM'million)
525

DATE OF LATEST VALUATION
December 2021

VALUED BY
Savills (Malaysia) Sdn Bhd

AGE OF BUILDING
33 years

THE SHOPPER’S HYPERMARKET

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Geran 10012, Lot 38, Seksyen 51, Kuala Lumpur, Wilayah Persekutuan

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YOURS SUNSATIONAL SHOPPING EXPERIENCE

Sunway Putra Mall, a self-sustained integrated development at the heart of the Diamond Triangle, is one of the most vibrant business hubs and residential districts in downtown Kuala Lumpur. An iconic landmark with more than three decades of history, the complex was extensively refurbished and reopened in 2015 with a completely new modern architectural design and a revamped interior layout.

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SUNWAY RESORT HOTEL

Property Details

SUNWAY RESORT HOTEL is the flagship five-star hotel located at the core of Sunway City, one of Klang Valley’s most iconic hotels. It is part of a central cluster of three hotels with a combined total of over 1,400 rooms, a large convention centre, a landmark shopping mall, a medical centre and a popular theme park in the 800-acre integrated township, just minutes away from Kuala Lumpur city.

Upon the completion of phased refurbishment works, Sunway Resort Hotel will be reopening in 1H FY2022 with 460 guestrooms, suites and pool villas with commanding views of the theme park and the resort city skyline. This comprises 304 Deluxe Rooms, 45 Club Rooms, 39 Terraces and 72 Suites, including an impressive Presidential Suite and Pool Villas tucked away amidst lush tropical gardens.

Well-equipped with modern conveniences and amenities, the hotel is the preferred choice for business, leisure and medical travellers. For meetings, incentives, conventions and exhibitions (MICE), the hotel is the preferred choice for incentives, conventions and exhibitions (MICE), the hotel is integrated with more than 100,000 sq.ft. of world-class event space, over 60 meeting and function rooms, a Grand Ballroom and the massive Sunway Pyramid Convention Centre, elevating Sunway Resort Hotel as one of the most versatile convention and exhibition venues in Malaysia.

Sustainability is emphasised in the hotel's refurbishment, and many of the high-tech upgrades, such as advanced air-conditioning systems, solar panels and motion-sensor LED lighting will further improve its energy efficiency. The hotel will also feature an urban hydroponic farm by Sunway X Farms, which will supply healthy, fresh produce to the hotel's restaurants.

Sunway Resort Hotel proudly hosts Gordon Ramsay Bar & Grill - the world-renowned, multi-Michelin starred chef's first-ever restaurant in Malaysia with an impressive menu featuring premium ingredients and the very best of Gordon Ramsay's signature dishes. Other food and beverage offerings include all-day dining with a choice selection of local and Western cuisine, along with a lounge and bar for evening cocktails, as well as Radiant - a lively poolside restaurant serving wood-fired pizza and international delicacies in an open kitchen concept to reflect a casual beach vibe. These are further complemented by a wide range of dining options within the hotel and over 190 F&B outlets around Sunway City.

Sunway Pyramid Hotel forms part of the cluster of hotels in Sunway City, and is well-connected to surrounding attractions and landmarks such as Sunway Lagoon theme park and Sunway Pyramid Shopping Mall. The four-star hotel offers 564 Deluxe rooms, including Family Rooms and Suites purpose-built to accommodate the increasing number of family and leisure guests.

Guestrooms and suites in Sunway Pyramid Hotel are equipped with technology-enhanced features and amenities such as complimentary Wi-Fi, smart lighting, bedside USB chargers outlets, high-pressure walk-in shower and LED SmartTV with satellite news, sports and movie channels.

Additionally, the newly refurbished link bridge (The Link) to Sunway Pyramid Shopping Mall completed in December 2021 offers complimentary F&B and cuisine options for hotel guests and the public.

SUNWAY PYRAMID HOTEL

CHECK IN AND BE SPOILT FOR CHOICE

Sunway Pyramid Hotel features 564 guestrooms and suites in Sunway Pyramid Hotel. The four-star hotel offers 564 Deluxe rooms, including Family Rooms and Suites purpose-built to accommodate the increasing number of family and leisure guests.

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Additionally, the newly refurbished link bridge (The Link) to Sunway Pyramid Shopping Mall completed in December 2021 offers complimentary F&B and cuisine options for hotel guests and the public.
Sunway Clio Hotel provides the right balance between work and play. The hotel has five in-room electronic safe boxes.

- Sports and movie channels
- Flexible workspaces
- High-pressure walk-in rain shower
- Wired broadband internet access
- USB charger outlets
- LED Smart TV with satellite news

Guestrooms are equipped with technology-enhanced amenities such as complimentary Wi-Fi and a range of food and beverage options. Adjoining the hotel is Sunway Clio’s retail podium, where hotel guests can enjoy an extended in-room dining service, a fitness centre and an outdoor swimming pool.

- Fully-equipped function rooms with seating capacities of 20 to 160 persons
- A host of other facilities including the 174-seater Café West, the hotel's all-day dining restaurant

Sunway Clio Hotel is conveniently accessible via a 40-minute drive from the iconic Penang Bridge and Penang North-South Expressway and the East-West Highway, Sunway Hotel Seberang Jaya is strategically located in the Seberang Jaya town centre at the intersection between the

STRATEGICALLY LOCATED

Sunway Clio Hotel forms part of the cluster of hotels in Sunway City. Located on the west side of the iconic Sunway Pyramid Shopping Mall, the four-star hotel features 401 guestrooms equipped with technology-enhanced amenities such as complimentary Wi-Fi and wired broadband internet access, USB charger outlets, LED Smart TV with satellite news, sports and movie channels, flexible workspaces, high-pressure walk-in rain shower and in-room electronic safe box.

Sunway Clio Hotel provides the right balance between work and play. The hotel has five fully-equipped function rooms with seating capacities of 20 to 160 persons and a host of other facilities including the 174-seater Café West, the hotel’s all-day dining restaurant, in-room dining services, a fitness centre and an outdoor swimming pool.

Adjoining the hotel is Sunway Clio’s retail podium, where hotel guests can enjoy an extended range of food and beverage options.
Sunway Putra Hotel is integrated with Sunway Putra Mall and Sunway Putra Tower in a mixed-use development opposite World Trade Centre Kuala Lumpur within the city’s main commercial district. The hotel is connected via covered pedestrian walkways to nearby LRT and KTM stations, easily accessible and convenient for corporate and leisure travellers.

The five-star hotel features six room types - Superior, Deluxe, Classic Suites, Family Suite, Executive Suite and Premier Suite - all tastefully designed with contemporary furnishings and complemented by amenities such as complimentary Wi-Fi, LED Smart TV, electronic safe, mini fridge, and coffee and tea making facilities.

For meetings, incentives, conventions and exhibitions (MICE), Sunway Putra Hotel offers 15 state-of-the-art column-free function rooms, including event venues on level 34 and level 35, the uppermost floors of the hotel, boasting the most panoramic views of the capital city.

The hotel’s Grand Ballroom accommodates up to 1,200 persons in a theatre-style setting and 600 persons in banquet-style seating, ideal for prestigious events.

A PREFERRED CITY HOTEL

Sunway Putra Hotel is 50350 Kuala Lumpur, Malaysia

Tea with a wide selection of coffee, cakes and pastries.

local and international à la carte and buffet, as well as the Atrium Lounge which serves signature Afternoon Tea with a wide selection of coffee, cakes and pastries.

Sunway Hotel Georgetown’s choice of comfortable and spacious accommodation includes Deluxe, Family Rooms and Suites with commanding views of the city and island skyline, especially for guests in Premier Rooms and Suites at the uppermost floors of the hotel. After a long day of sightseeing, guests can also unwind at the outdoor swimming pool and jacuzzi, or work out at the 24-hour fitness centre after an enjoyable night of local street food.

YOUR PREFERRED CHOICE IN PENANG

Sunway Hotel Georgetown is a 250-room four-star hotel at the heart of Georgetown, Penang, a renowned UNESCO World Heritage site where old world charm meets modernity. Located just 30 minutes from Penang International Airport and 20 minutes from the iconic Penang Bridge and Ferry Terminal, the hotel caters to corporate and leisure travellers, offering convenient access to a confluence of tourist attractions and commercial districts which are within walking distance from the hotel.

Sunway Hotel Georgetown’s choice of comfortable and spacious accommodation includes Deluxe, Family Rooms and Suites with commanding views of the city and island skyline, especially for guests in Premier Rooms and Suites at the uppermost floors of the hotel. After a long day of sightseeing, guests can also unwind at the outdoor swimming pool and jacuzzi, or work out at the 24-hour fitness centre after an enjoyable night of local street food.
### SUNWAY REIT

#### PROPERTY DETAILS

**MENARA SUNWAY**

Unit 4.5 Level 4 East Lobby, Menara Sunway Annex, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia  

T: +603 5639 8888  
F: +603 5639 9555

#### SUNWAY GROUP'S HEADQUARTERS

Menara Sunway is a 19-storey office building in Sunway City which serves as the headquarters of the Sunway Group, occupying close to 70% of NLA. Consisting of a main tower and an annexe, Menara Sunway offers a unique integrated environment where tenants and employees can make good use of the convention centre, hospitality, medical centre, leisure and retail options within the township.

Surrounded by highly populated suburbs such as Subang Jaya, Puchong and Petaling Jaya, and easily accessible via 5 major expressways – Federal Highway, New Pantai Expressway (NPE), Shah Alam Expressway (KESAS), Damansara-Puchong Expressway (LDP) and New Klang Valley Expressway (NKVE), Menara Sunway is a preferred office location due to the shorter travel time compared to commuting to the city centre.

#### Location

Selangor  

Date of Acquisition 8 July 2010  

Acquisition price (RM million) 128  

Title, Expiry Date, Years Remaining PN 17105 Lot 61760, 1 April 2071, 71  

Bandar Sunway, Gemenah Perkasa, Negeri Selangor  

Tenure 99 years  

Encumbrance  

- Charged to Public Investment Bank Berhad  
- Lienholder’s caveat by Public Investment Bank Berhad  
- 30 years lease to Tenaga Nasional Berhad expiring 14 January 2023

Year of Completion 1994  

Appraised value (RM million) 172  

Date of latest valuation December 2021  

Valued by Knight Frank Malaysia Sdn Bhd  

Age of Building 27 years

#### Value per sq.ft. (RM)

- **Retail**: 589  
- **Hotel**: -  
- **Office**: 589  
- **Services**: -  
- **Industrial & Others**: -

#### Value per sq.ft. (RM)

- **Retail**: 447  
- **Hotel**: -  
- **Office**: 6.50/8.25  
- **Services**: -  
- **Industrial & Others**: -

### SUNWAY TOWER

Ground Floor, Sunway Tower, No. 86 Jalan Ampang, 50450 Kuala Lumpur, Malaysia  

T: +603 2032 4100  
F: +603 2070 4050

#### Location

Kuala Lumpur  

Date of Acquisition 8 July 2010  

Acquisition price (RM million) 171  

Title, Expiry Date, Years Remaining Geran 45110, Lot 55, Seksyen 45, Kuala Lumpur, Wilayah Persekutuan  

Tenure Freehold  

Encumbrance  

- Charged to Public Investment Bank Berhad  
- Lienholder’s caveat by Public Investment Bank Berhad  
- 30 years lease to Tenaga Nasional Berhad expiring 14 January 2023

Year of Completion 1996 (Refurbished in 2009)  

Appraised value (RM million) 120  

Date of latest valuation December 2021  

Valued by Knight Frank Malaysia Sdn Bhd  

Age of Building 25 years

#### Value per sq.ft. (RM)

- **Retail**: 599  
- **Hotel**: -  
- **Office**: 6.50/8.25  
- **Services**: -  
- **Industrial & Others**: -

### CHANGING DYNAMICS

Sunway Tower is a 33-storey prime office building strategically located at the intersection between Jalan Sultan Ismail and Jalan Ampang in Kuala Lumpur, which is also famously known as the Golden Triangle.

In close proximity to the landmark Petronas Twin Towers and Kuala Lumpur Convention Centre, Sunway Tower offers excellent connectivity with convenient access to the adjacent Dang Wangi LRT station, Bukit Nanas monorail station and the Ampang-Kuala Lumpur Elevated Highway (AKLEH) which links to major expressways and ring roads within and around Klang Valley, making it a prime business address in Kuala Lumpur.
Sunway Putra Tower is an office tower which forms part of an integrated mixed-used development with Sunway Putra Mall and Sunway Putra Hotel. Strategically located next to World Trade Centre Kuala Lumpur, Sunway Putra Tower is easily accessible via major highways and well-served by public transportation such as the LRT, KTM and RapidKL.

Government agencies, financial institutions and professional firms occupy a substantial majority of tenants.

Wisma Sunway is a stratified 18-storey office building located in the vibrant Section 9, Shah Alam, the state government precinct of Selangor. Conveniently located beside Concorde Hotel and Plaza Shah Alam, it is easily accessible via the Federal Highway and New Klang Valley Expressway (NKVE).

Wisma Sunway is currently fully occupied with government agencies comprising the majority of tenants.
A WORLD-CLASS OFFICE WITHIN AN INTEGRATED CITY

The Pinnacle Sunway is a 24-storey Grade A office building within the integrated township of Sunway City, offering convenient access to the convention centre as well as a wide range of hospitality, leisure, healthcare, education and retail options.

As a Green Building Index (GBI)-certified corporate office, The Pinnacle Sunway is a new-generation building equipped with environmentally friendly features such as motion-sensor lighting, and rainwater harvesting for landscape irrigation. The Pinnacle Sunway is also a MSC-status building which offers high-speed internet connection and 24/7 technical support for tenants, proudly serving many international corporations and businesses which call it home.

Surrounded by highly populated suburbs such as Subang Jaya, Puchong and Petaling Jaya, and easily accessible via 5 major expressways - Federal Highway, New Pantai Expressway, Damansara-Puchong Expressway (LDP) and New Klang Valley Expressway (NKVE), The Pinnacle Sunway is the preferred choice for companies to set up their regional headquarters in Malaysia.

### PROPERTY DETAILS

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<td>No. of Parking Bays</td>
<td>&gt; 650</td>
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<tr>
<td>Value per sq.ft (RM)</td>
<td>836</td>
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<tr>
<td>Land Area (sq.ft.)</td>
<td>70,415</td>
</tr>
<tr>
<td>GFA (sq.ft.)</td>
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<tr>
<td>Tenant Expiry Date</td>
<td>1 April 2097, 76 Years Remaining</td>
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<td>Date of Completion</td>
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<tr>
<td>Appraised value (RM million)</td>
<td>466</td>
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<td>Date of latest valuation</td>
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### SUNWAY MEDICAL CENTRE (TOWER A & B)

**IMPROVING THE LIVES WE TOUCH**

Sunway Medical Centre is a leading private tertiary medical care centre accredited by the Australian Council on Healthcare Standards (ACHS) and Malaysian Society for Quality in Health (MSQH). The medical centre is poised to set new standards of service for its growing clientele.

Supported by more than 2,600 dedicated healthcare professionals comprising medical consultants, professional allied health staff and trained nurses, Sunway Medical Centre offers a comprehensive range of medical services, which include facilities and advanced medical technologies for outpatient and inpatient specialty care, health and wellness programmes, home care and 24-hour emergency services.

Sunway Medical Centre is also affiliated with the University of Cambridge, Royal Papworth Hospital, Addenbrooke’s Hospital, Royal College of Physicians (London), Harvard Medical School and the Jeffrey Cheah School of Medicine & Health Sciences, Monash University Malaysia to further meet the demands of medical education, training and research.

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### SUNWAY UNIVERSITY & COLLEGE CAMPUS

**Location:** Selangor

**Date of Acquisition:** 15 April 2019

**Acquisition price:** RM 34.2 million

**Title and Expiry Date:**

- Phase 1 (East Building): HS(D) 118332, Lot No. PT 302, HS(D) 132500, Lot No. PT 1100
- Phase 1 (South Building, Administrative Blocks): HS(D) 118325, Lot No. PT 1044, 1 April 2017, 71 years
- Phase 2: 1993 and 1996

**Years Remaining:**

- Phase 1 (South Building, Main Building): 28 years (at the expiry of the first term) and a third term of 30 years (at the expiry of the second term)
- Phase 2: 6 years and a third term of 30 years

**Duration:**

- Phase 1: 28 years (at the expiry of the first term and a third term of 30 years)
- Phase 2: 6 years and a third term of 30 years from 1 December 2018

**Age of Building:**

- Phase 1: 1993
- Phase 2: 2010

**Years Remaining:**

- Phase 1 (South Building, Main Building): 28 years (at the expiry of the first term) and a third term of 30 years (at the expiry of the second term)
- Phase 2: 6 years and a third term of 30 years

**Rental:**

- Phase 1: RM 6.2 million per annum for the Initial Term and a third term of 30 years
- Phase 2: RM 3.3 million for the Initial Term and a third term of 30 years

**Master Lease Details:**

- Master Lease: DCH Contract Manufacturing Sdn Bhd
- Subleases:
  - RM 4.2 million for the first 5 years
  - 3% per annum for each subsequent year of the first 30-year term

**GFA (sq.ft.):**

- Phase 1: 1,459,134
- Phase 2: 673,684

**Value per sq.ft. (RM):**

- Phase 1: 258
- Phase 2: 550

**Capitalisation Rate - Current/Reversionary (%):**

- Phase 1: 4.50 - 5.25/5.75

**SUNWAY UNIVERSITY**

5, Jalan University, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

T: +603 7491 8622
E: info@sunway.edu.my
W: www.university.sunway.edu.my

**EDUCATING THE FUTURE**

The Sunway university & college campus is located within the integrated township of Sunway City and comprises academic blocks, hostel apartments, sports facilities and a car park.

Well-connected to nearby cities and highly populated suburbs via an extensive network of roads, expressways and public transportation, the campus hosts Sunway University and Sunway College, reputable higher learning institutions established since 2004 and 1987 respectively.

Offering a wide range of courses from diploma to postgraduate studies, Sunway University is one of Malaysia’s leading and internationally recognised private universities, ranking well in the QS World University Rankings with overall 5-stars in the QS World University Rankings
evaluating太阳大学与学院校园位于雪兰莪的Sunway City Integrated Township内，包括学术大楼、宿舍公寓、运动设施和停车场。

Sunway University and Sunway College, highly accredited higher learning institutions established since 2004 and 1987 respectively, offer a wide range of courses from diploma to postgraduate studies.

Well-connected to nearby cities and highly populated suburbs via an extensive network of roads, expressways and public transportation, the campus hosts Sunway University and Sunway College, reputable higher learning institutions established since 2004 and 1987 respectively.

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AWARDS AND ACCOLADES

INTERNATIONAL ANNUAL REPORT COMPETITION (ARC) AWARDS 2020
- PDF version of Annual Report - Real Estate Investment Trust (REIT):
  Commercial/Industrial/Office - Gold Award

NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA) 2021
- Excellence Awards for Companies with RM2 Billion to RM10 Billion in Market Capitalisation - Gold

MSWG-ASEAN CORPORATE GOVERNANCE AWARD 2020
- Industry Excellence Award - Real Estate Investment Trust

MALAYSIAN INVESTOR RELATIONS ASSOCIATION (MIRA) AWARDS 2020
- Mid Cap: Best Investor Relations Professional

BEST NON-IPO SHARE PLACEMENT 2020
- by The Edge Markets

THE ASSET ESG CORPORATE AWARDS 2021
- Benchmark Award - Platinum
  Excellence in Environmental, Social and Governance

ASIA SUSTAINABILITY REPORTING AWARDS (ASRA) 2020
- Asia’s Best Integrated Report (Design) - Bronze Award

AUSTRALASIAN REPORTING AWARDS (ARA) 2021
- Gold Award

NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA) 2021
- Excellence Awards for Companies with RM2 Billion to RM10 Billion in Market Capitalisation - Gold

ABOUT THIS REPORT
WE ARE SUNWAY REIT
LEADERSHIP THAT DRIVES STRATEGIC PROGRESS
PERFORMANCE REVIEW
HOW WE CREATE VALUE
SUSTAINABILITY STATEMENT
A FRAMEWORK OF TRUST AND ACCOUNTABILITY
FINANCIALS
ADDITIONAL INFORMATION
INTEGRATED ANNUAL REPORT 2021
SUNWAY REIT
NAVIGATING A CHALLENGING YEAR

2020 and 2021 were among the most difficult years for Sunway REIT as pandemic-induced economic disruptions interrupted the income and distribution growth streak that we had maintained since we were listed in July 2010.

The Malaysian economy experienced a 5.6% contraction in 2020, the sharpest decline since the Asian Financial Crisis in 1998, amidst broad-based weakness and constrained economic and business activities weighed by movement restrictions. To mitigate the damage to the economy and to protect millions of livelihoods, the government implemented a record RM380 billion worth of economic stimulus packages progressively, mainly targeted at easing the cash flow difficulties of the Rakyat, providing financial lifelines to businesses and expediting the National COVID-19 Immunisation Programme.

On the monetary policy front, Bank Negara Malaysia (BNM) maintained an accommodative monetary policy with the overnight policy rate remaining at 1.75% to provide levels of economic activity, supported by an expansionary program of fiscal stimulus and a more accommodative monetary policy stance.

Generally, the Malaysian Real Estate Investment Trust (M-REIT) landscape was impacted as the various iterations of movement restrictions resulted in severe business disruptions in the short term and shifts in the way businesses operate and consumers behave in the long term. Retail- and hospitality-focused M-REITs that are reliant on foot traffic were also profoundly affected as the lockdowns curbed mobility and travel-related activities. In addition, the prolonged lockdowns gave birth to the exponential adoption of a delivery economy as they accelerated the shift towards e-commerce and value-based purchasing, opening up more opportunities and challenges to retail-focused M-REITs.

Thankfully, most Malaysians have fulfilled their responsibility of getting vaccinated, containment measures have been progressively relaxed with all states of Malaysia moving to Phase 4 of the National Recovery Plan (NRP) and businesses have been allowed to resume operations, providing an impetus to economic recovery in 2022.

As at the end of 2021, we are seeing a return to more normal economic activity, supported by an expansionary budget with continued fiscal and monetary support as well as recovering commodity prices. BNM reported a GDP growth of 3.1% for the domestic economy in 2021.

UPHOLDING GOVERNANCE AND INTEGRITY

Sunway REIT continues to be a strong advocate of good corporate governance practices by constantly incorporating improvements and benchmarking ourselves against international best practices.

We annually assess and review our existing policies and procedures to ensure improved practices, guided by the Malaysian Code on Corporate Governance (“MCCG”) 2021, Bursa Malaysia Corporate Governance Guide 2021 and Market Listing Requirements of Bursa Malaysia (“Listing Requirements”) and the S’C’s Guidelines on Listed REITs.

In the period under review, the Manager introduced a number of enhancements, including recalibrating Crisis Management Plan and Crisis Communication Policy, enhancing the Donations, Sponsorships and Corporate Responsibility Policy and charting a Sustainability-Linked Bond framework.

In April 2021, the MCCG was updated to encourage public listed companies to adopt additional best practices that will improve board policies and processes, strengthen board oversight and integrate sustainability considerations into business strategy. In line with the best practices of MCCG 2021 and Bursa Malaysia, Sunway REIT is pleased to share various changes adopted by the Board, which include:

- No single individual being able to simultaneously hold the position of Chairman of the Board and member of the Audit Committee, and/or Nomination and Remuneration Committee.
- Capping the tenure for Independent Directors to 12 years as recommended by Bursa Malaysia, which will take effect in 2022.

Moreover, in our effort to strengthen the governance of Sunway REIT, the Manager enhanced the Terms of Reference (TOR) of the:

- Nomination and Remuneration Committee (NRC), with the incorporation of tenure limits for Independent Directors and the stipulation that the Board should comprise at least 30% women Directors.
- Risk Management Committee (RMC), with the incorporation of assessments and measures to address material Environmental, Social and Governance (ESG) risks.
EXPANDING OUR SUSTAINABILITY EFFORTS

Sunway REIT’s sustainability and ESG journey, with an emphasis on going beyond minimum standards, has always received much focus and priority from management, even before these matters gained traction and rose to their current prominence. Supported by the sustainability framework ingrained within Sunway REIT’s business practices, we continue to conscientiously embed sustainability considerations across our value creation journey that also contribute to the 17 United Nations Sustainable Development Goals (UN SDGs). For the period under review, we embarked on multiple sustainability initiatives that have further integrated sustainability into our business and helped us contribute even more to national progress towards the SDGs.

To further elevate our commitment to achieving higher sustainability standards and to track our plans, we established a Sustainability Committee comprising three Board members – a first for M-REIT – underscoring our commitment to driving sustainability efforts from the top. The committee is responsible for reviewing, supervising and making recommendations to the Board of Directors on matters relating to the three key areas of sustainability strategy and issues; key ESG goals, targets and performance; and the sustainability scorecard and its progress tracking.

For more information, please refer to Sustainability Scorecard - Goals and Targets section.

To position Sunway REIT strongly in the eyes of investors and to create further avenues for engagement, we were the first M-REIT that expressed support for the Task Force on Climate-Related Financial Disclosures (TCFD), joining over 1,700 organisations worldwide that have pledged their support. We also accelerated our efforts to combat climate change by committing to a Net Zero Carbon Emissions by 2050 target.

Robust corporate governance practices with annual enhancement on policies and procedures

Other than performance-related KPIs set to our Senior Management, we are also glad to share that as part of our continuous effort to integrate fortified sustainability initiatives into our strategies and operations, we have linked sustainability-related KPIs to our Senior Management’s remuneration in line with MCCI 2021 and Bursa Malaysia’s recommendations.

First M-REIT to establish a Sustainability Committee comprising Board members

In addition, Sunway REIT was the first M-REIT to incorporate sustainable financing considerations into its capital management strategy via the issuance of our maiden Sustainability-Linked Bond in December 2021. This will certainly help to drive further integration of ESG factors into our strategies and bolster our funding sources.

As we progress in our sustainability journey, we take cognisance of the role that we must continue to play in supporting all our stakeholders, including our tenants and communities around us. In the period under review, Sunway REIT supported the National COVID-19 Immunisation Programme by allowing our Sunway Pyramid Convention Centre to be used as vaccination centres. Moreover, in the spirit of shared prosperity, we offered a rental and marketing assistance programme as well as facilitated a third-party financing programme to affected tenants to ensure that we would all emerge from the pandemic on a firmer footing, growing together when the economy recovers.

Commitment towards supporting the National COVID-19 Immunisation Programme

Outlook and Prospects

The global economy is expected to get back on track in 2022, following the disruptions to recovery in 2021 due to the persistence of the pandemic. The International Monetary Fund (IMF) has projected that the global economy is likely to expand by 5.9% in 2021 and moderate slightly to 4.4% in 2022, supported by expansionary policies to stimulate broad-based economic growth globally. However, the balance of risks remains tilted to the downside given the potential for the emergence of deadlier COVID-19 variants before widespread vaccination is achieved, which could potentially weaken the global economic recovery. This was underscored by the spread of the Omicron variant in late-2021 that forced some countries to consider implementing lockdowns once again.

 Globally, the new Omicron variant has also raised concerns about potential supply-side pressures on inflation, as this may cause the Federal Reserve (the Fed) to accelerate the tapering of asset purchases and raise interest rates, forcing emerging economies to adjust and scale back monetary policy support to keep inflation in check.

In Budget 2022, the government maintained that Malaysia’s economic growth would be supported by the gradual reopening of economic sectors and the full vaccination of the general population. Economic growth is expected to strengthen to between 5.5% and 6.5% in 2022, underpinned by increased external demand, high commodity prices, improved labour market conditions, the effects of the rapid transition to digitalisation and the implementation of major infrastructure projects. In line with anticipation of monetary policy normalisation globally, BNM is expected to tighten the monetary policy in 2022 to contain inflationary and foreign exchange pressures.

Looking ahead, Sunway REIT is supportive of the government’s initiatives under the Twelfth Malaysia Plan (12MP), in which four catalytic policy enablers were identified that would accelerate productivity and technology adoption and innovation to sustain Malaysia’s average GDP growth rate at between 4.5% and 5.5% per annum between 2021 and 2025.

Acknowledgements

I commend the collective effort and camaraderie among the stakeholders that have enabled Sunway REIT to be resilient in weathering the COVID-19 storm. It is well known that tough times do not last, but that tough people do. On behalf of the Board of Directors, I would like to express our utmost appreciation to the government and all frontliners who have worked tirelessly to vaccinate the general population, our esteemed unitholders and business partners for their continued belief in Sunway REIT and the regulators who have been providing guidance to navigate the pandemic shock. Our deepest gratitude goes to the management team for its steadfast leadership and tremendous efforts under difficult conditions to ensure business continuity as well as the health and safety of all our employees, tenants and visitors to our premises.

Last but not least, I would like to express my sincere appreciation to my fellow Board members and to our trusted, property manager, Business Unit Management Teams, business partners, fellow analysts, the investment community and members of the press for their loyalty to and support of Sunway REIT during these unprecedented times.
IN CONVERSATION
WITH OUR CEO
GRI 2-22

STRATEGIC DECISIONS AND COST CONTAINMENT MEASURES
UNDERTAKEN AT THE START OF THE PANDEMIC PARTIALLY CUSHIONED
THE FINANCIAL IMPACT ON THE ASSETS. THIS WAS FURTHER
UNDERPINNED BY THE ACCELERATION IN TECHNOLOGICAL ADOPTION
AND DIGITALISATION, WHICH FORTIFIED THE COMPETITIVE ADVANTAGE
OF OUR BUSINESSES.

DEAR VALUED
STAKEHOLDERS,

The COVID-19 pandemic continued to disrupt economies and livelihoods due to
surge in daily cases to record high which
was necessary for the government to
implement lockdowns in FP2021 even as mass
vaccinations commenced. In my message
in last financial year’s Integrated
Annual Report, I have shared the
comprehensive measures and actions that Sunway REIT has
taken to contain the adverse
financial impact on our
businesses.

Note: Sunway REIT has changed its financial
year end from 30 June to 31 December. The
Financial Period ended 31 December 2021 (FP2021)
constitutes 18-month financial performance from
1 July 2020 to 31 December 2021.

During the financial period under
review, various phases of movement
restrictions and international border
closures, amid fragile consumer
sentiment and soft business
confidence, continued to cause
business disruptions that impacted
the financial performance of Sunway
REIT, particularly the Retail and Hotel
segments. The setback in financial
performance was partially mitigated
by our diversified income streams
from the Office, Services and Industrial
& Others segments. Fortunately, the
operating environment improved
during the last quarter of the financial
period following the success of the
nation’s mass vaccination programme.
Digitalisation initiatives undertaken
by various asset segments of Sunway
REIT before the pandemic struck also
enabled them to adapt well to the new
operating environment.

Sunway REIT reported gross revenue
of RM675.6 million and NPI of RM457.1
million for FP2021. In line with our
commitment to distributing at least
90% of distributable income, Sunway
REIT has delivered a DPU of 6.10 sen.

FORTIFYING STAKEHOLDERS’
CONFIDENCE

During these times of adversity,
our top priority was to ensure
adequate prevention, preparedness,
responses and recovery measures
for our businesses and stakeholders –
including employees, tenants and
patrons. We activated our crisis
management mode by mobilising
the extensive resources within
Sunway REIT and its Business Unit
Management Teams. Our teams
demonstrated admirable dedication
in navigating such a dynamic and
challenging environment. Despite
global mass vaccinations, the
pandemic continued to evolve with
the emergence of new variants.
Learning from our experience of
the COVID-19 pandemic in the year
2020, Sunway REIT recalibrated its
Crisis Management Plan and Crisis
Communication Policy to effectively
manage prevailing and future risks.

Sunway REIT believes that we must
go beyond just adapting to the new
norm, instead, we have to live and
thrive in these unprecedented times.
We focus on cultivating a safer
community together, delivering
peace of mind and sustaining the
well-being of all employees and
guests.

To safeguard our employees,
shoppers and retail tenants, Sunway
REIT implemented over 82 measures
to ensure the safety of shoppers,
retail tenants and employees. This
includes stringent social
distancing measures, enhanced
screenings and safety checks and
holistic education and training for all
employees and tenants. Meanwhile,
the Business Unit Management Team
for the Hotel segment implemented a
‘Safe Stay’ programme that featured
almost 30 protocols to ensure the
safe enjoyment of all guests.

Sunway REIT also ensured that
employees and tenants were
vaccinated and permitted only fully
vaccinated adults and adolescents to
enter our premises.

During the financial period under
review, various phases of movement
restrictions and international border
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from the Office, Services and Industrial
& Others segments. Fortunately, the
operating environment improved
during the last quarter of the financial
period following the success of the
nation’s mass vaccination programme.
Digitalisation initiatives undertaken
by various asset segments of Sunway
REIT before the pandemic struck also
enabled them to adapt well to the new
operating environment.

Sunway REIT reported gross revenue
of RM675.6 million and NPI of RM457.1
million for FP2021. In line with our
commitment to distributing at least
90% of distributable income, Sunway
REIT has delivered a DPU of 6.10 sen.

FORTIFYING STAKEHOLDERS’
CONFIDENCE

During these times of adversity,
our top priority was to ensure
adequate prevention, preparedness,
responses and recovery measures
for our businesses and stakeholders –
including employees, tenants and
patrons. We activated our crisis
management mode by mobilising
the extensive resources within
Sunway REIT and its Business Unit
Management Teams. Our teams
demonstrated admirable dedication
in navigating such a dynamic and
challenging environment. Despite
global mass vaccinations, the
pandemic continued to evolve with
the emergence of new variants.
Learning from our experience of
the COVID-19 pandemic in the year
2020, Sunway REIT recalibrated its
Crisis Management Plan and Crisis
Communication Policy to effectively
manage prevailing and future risks.

Sunway REIT believes that we must
go beyond just adapting to the new
norm, instead, we have to live and
thrive in these unprecedented times.
We focus on cultivating a safer
community together, delivering
peace of mind and sustaining the
well-being of all employees and
guests.

To safeguard our employees,
shoppers and retail tenants, Sunway
REIT implemented over 82 measures
to ensure the safety of shoppers,
retail tenants and employees. This
includes stringent social
distancing measures, enhanced
screenings and safety checks and
holistic education and training for all
employees and tenants. Meanwhile,
the Business Unit Management Team
for the Hotel segment implemented a
‘Safe Stay’ programme that featured
almost 30 protocols to ensure the
safe enjoyment of all guests.

Sunway REIT also ensured that
employees and tenants were
vaccinated and permitted only fully
vaccinated adults and adolescents to
enter our premises.

During the financial period under
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FORGING PARTNERSHIPS THAT THRIVE

Sunway REIT advocates building a long-lasting relationship with our business partners, such as our tenants, through good and tough times. As a market leader in introducing a rental assistance and marketing support programme to tenants during the first national lockdown in March 2020, Sunway REIT extended the programme on a case-to-case basis to affected retail tenants throughout to ensure the business continuity of our tenants. In addition, Sunway REIT advocates building a long-lasting relationship with our business partners, such as our tenants, through the Retail Business Unit Management Team initiated a “Sunway Malls SME Retailers Relief Financing Programme” to facilitate up to RM200 million in working capital to assist retail tenants in easing their financial burdens. These efforts further strengthened the confidence of our tenants, as evidenced by the healthy average occupancy rate of 97% achieved in FP2021 by the Retail segment.

STRENGTHENING OUR FUTURE GROWTH TRAJECTORY

Undeterred by the pandemic, Sunway REIT remains focused on pursuing growth through acquisition to expand its asset portfolio. In November 2020, Sunway REIT completed the acquisition of The Pinnacle Sunway for a purchase consideration of RM450 million. The Pinnacle Sunway is an iconic 24-storey Grade A Green Building Index (GBI)-certified and Multimedia Super Corridor (MSC) status office building, strategically located within Sunway City. The acquisition contributed positively to Sunway REIT’s income in FP2021.

Sunway REIT’s maiden property development, which is the expansion of Sunway Carnival Shopping Mall, is slated to be completed in the 2Q FY2022, with a combined NLA of 840,000 sq.ft. With a pre-opening take-up rate of more than 85% for the additional space, Sunway Carnival Shopping Mall is expected to transform the retail landscape in Mainland Penang. Capitalising on the “Sunway” brand and established relationships between Business Unit Management Team and tenants, Sunway Carnival Shopping Mall will soon welcome many stores that will be making their foray into the Mainland Penang, encompassing a mix of international, regional and local retail brands. These new stores are set to increase the number of stores from 200 to 350 and are expected to generate economic and social multipliers, with an estimated additional 1,500 new jobs created for the local community.

HEALTHY BALANCE SHEET TO SUPPORT GROWTH

Capatising on the lull in business as a result of the border closures, Sunway REIT’s flagship hotel, Sunway Resort Hotel, is currently undergoing a transformative refurbishment in order to be positioned as Malaysia’s premier entertainment and event destination, setting a new benchmark for hospitality in Malaysia. Scheduled to welcome guests in the 1H FY2022, the hotel will unveil a collection of rooms and suites intuitively designed with cutting-edge technology catering to discerning guests. Sunway Resort Hotel will also unveil Gordon Ramsay Bar & Grill, the world-renowned chef’s maiden restaurant in Malaysia, which will certainly elevate the nation’s gastronomy scene.

Sunway REIT continues to identify new asset enhancement initiatives and asset management initiatives opportunities for its assets in order to generate higher income and enhance the property yields over time.

ADVANCING SUSTAINABILITY

Sunway REIT has made encouraging progress in our sustainability journey over the years. In our endeavour to advance our sustainability commitment, Sunway REIT has explicitly linked sustainability and climate change-related KPIs to the remuneration of the Senior Management of the REIT Manager.

With the growing importance of ESG investing and greater adoption within the investment community, ESG is becoming a necessity for investors and investee companies. Investors have integrated ESG factors into their investment evaluation process, which requires disclosures of consistent and high-quality ESG data to guide investors in making informed investment decisions. In addition, ESG integration deepens the fundamental analysis of a company, which enhances the process of identifying potential long-term risks of the company. Sunway REIT recognises the importance of providing high-quality ESG data to the investment community. In this respect, Sunway REIT has undertaken an independent ESG assurance process as a validation of its data governance. In addition, Sunway REIT has been evaluated and rated by internationally renowned ESG rating bodies such as FTSE Russell, MSCI and S&P.

Sunway REIT is optimistic to strive towards achieving these targets, underpinned by opportunities arising from global megatrends and Sunway Group’s synergetic ecosystem and strong track record.

More information is available in TRANSCEND 2027 Strategy Report section.

More information is available in TRANSCEND 2027 Strategy Report section.

More information is available in Capital Management section.

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INDUSTRY THOUGHT LEADER

Sunway REIT has played an influential role in spearheading initiatives for the Malaysian Real Estate Investment Trust (M-REIT) industry and capital market developments. It is heartening that I had the opportunity to share views and proposals in a series of eight articles in The StarBizweek. My articles were targeted at the public, investors and regulators with the objective of invigorating the progress of M-REITs in the context of emerging trends and opportunities, regulatory and industry enhancements, as well as ESG trends.

The Hotel segment is gradually benefiting from the progressive relaxation in travelling restrictions and pockets of MICE activities, albeit at limited capacity due to adherence to SOPs. The emergence of Omicron variant may lead to tightening of containment measures in certain countries and the suspension of international travel. On the other hand, some countries are looking to potentially open up the international borders and this may provide a surprise upside that may augur well to support the recovery of the tourism industry in Malaysia. We are optimistic with the reopening of Sunway Resort Hotel in 1H FY2022, which is expected to contribute positively to the Hotel segment’s performance in FY2022.

The nation has almost completely vaccinated the adult population, which bodes well for businesses’ ability to return to normalcy. Offices within Sunway REIT’s assets portfolio are expected to remain resilient as these assets are strategically located within vibrant integrated developments and transit-oriented developments.

The Services and Industrial & Others segments offer defensive and stable income stream. Sunway REIT is actively pursuing opportunities in these segments to strengthen its position as a proxy for e-commerce and other sunrise industry growth.

ACKNOWLEDGEMENTS

I would like to thank the Board of Directors for their steadfast guidance, trust and support in achieving the strategic goals of Sunway REIT. In closing, I would like to convey my heartfelt appreciation and gratitude to each and every member of the Manager and Business Unit Management Teams for their unwavering dedication, hard work, and perseverance as we grappled with the pandemic. To all stakeholders, I would like to thank you for the trust and continuous support.

Yours sincerely,

Dato’ Jeffrey Ng Tiong Lip
Chief Executive Officer

Sunway City Kuala Lumpur

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Chief Executive Officer
## The StarBizWeek Column

### Alternative asset classes for M-REITs

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**Investing for good: ESG with M-REITs**

- **MM2H programme should be reformed rather than tightened**
  - Expected improvement in the MM2H programme

**M-REITs - a new model of affordable rental housing?**

- **Transformative social impact investment initiative**

**Value creation by REIT managers stakeholders**

- **Adhering to ESG goals support sustainable long-term growth for REITs**
  - M-REITs contribute positively to the economy and real estate scene

**The force awakens – The rise of Malaysian REITs**

- Despite the unprecedented challenges, M-REITs have demonstrated resilient strength and perseverance, as well as the potential for recovery and growth in the long term.

**Practical measures to implement for REITs**

- Streamlining business structures to support the growth of M-REITs

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**Additional Information**

- **Circulation**: 175,986
- **Readership**: 527,958
- **Date**: 27 Nov 2021, 31 Jul 2021, 08 Jan 2022, 25 Sep 2021, 26 Jun 2021, 28 Aug 2021
- **Language**: English
- **Media Title**: The Star
- **Headline**: Post-pandemic comeback of Malaysian REITs, Alternative asset classes for M-REITs, A quantum leap for M-REITs, Investing for good: ESG with M-REITs, M-REITs - a new model of affordable rental housing, The force awakens – The rise of Malaysian REITs, Value creation by REIT managers stakeholders, Practical measures to implement for REITs
REFRESHED TRANSCEND 2027

Sunway REIT’s strategic roadmap, TRANSCEND 2025 (TC2025) has set bold targets since it was introduced in 2018. Due to the COVID-19 pandemic, it is hence timely to review TC2025, given the ongoing impact and shift in megatrends of the real estate markets. There may be a need to re-strategise Sunway REIT’s asset class mix, explore overseas expansion and reset financial targets.

NEW TARGETS FOR TRANSCEND 2027

<table>
<thead>
<tr>
<th>New Targets</th>
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<tbody>
<tr>
<td>Become the Top 2 M-REIT in Malaysia</td>
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<tr>
<td>Grow the asset value to RM14 - 15 billion</td>
</tr>
<tr>
<td>Rebalance the portfolio</td>
</tr>
<tr>
<td>Growth targets:</td>
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<tr>
<td>Primary annual targets</td>
</tr>
<tr>
<td>Secondary targets</td>
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</tbody>
</table>

NEW STRATEGIC INITIATIVES

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>UNLOCKING MAXIMUM VALUE FROM EXISTING ASSETS IN THE PORTFOLIO</td>
</tr>
<tr>
<td>GETTING AHEAD OF THE MARKET</td>
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<tr>
<td>DIVERSIFYING PORTFOLIO INTO OTHER SEGMENTS AND GEOGRAPHIES</td>
</tr>
</tbody>
</table>

With these in mind, Sunway REIT has assembled a team to embark on the process of redesigning TC2025 plan, with in-depth investigation of real estate trends and strategy for the future. After months of thorough research and analysis, Sunway REIT would like to present TRANSCEND 2027 (TC2027), as summarised below, with new targets and enhanced strategic initiatives to become a balanced risk, diversified REIT.

1. Unlock integration synergies and opportunities
   - Innovate the concept of Integrated Development into different asset classes such as business or retail parks, industrial estates, etc.
2. Leverage Sponsor’s capability
   - Enhance collaboration with Sponsor to maintain active pipeline acquisition plans and to further improve brand strengthening.
3. Portfolio optimization
   - Follow clear processes for divestment of non-performing assets.
4. Deepening of AEI actions
   - Accelerate digital transformation and upgrade assets to address long-term sustainability and energy efficiency.
5. Deepening of capabilities in the team
   - Setting up a dedicated “vision team” to innovate to new targets.
6. Scale benefits for existing and new segments
   - Build specialised skills to maximise asset performance and drive up value for unitholders.
7. Boost access to liquidity
   - Further strengthen balance sheet to increase investors’ confidence.
8. Hire logistics/warehousing/data centre experts
   - Gain access to emerging technologies and building solutions.
9. Collaborate with reputable asset managers/funds
   - Accelerate portfolio growth in Malaysia and overseas markets.
10. Enter overseas markets
    - Market entry via joint venture or partnership with reputable foreign developers or players to navigate the local market.

Sunway REIT’s future will be driven by 3 key objectives supported by multiple strategic initiatives, focused on driving scale and yield:

- Scale benefits for existing and new segments
- Boost access to liquidity
- Enter overseas markets

Additionally, the team will be supported by local and regional market experts, with a focus on identifying new opportunities and potential targets.
COVID-19 pandemic has brought upon a paradigm shift in the way people live and spend as well as disruptions to businesses and their tenants’ operations.

**IMPACT OF COVID-19**

The Malaysian government implemented various phases of MCO to curb the spread, which led to footfall being impacted.

- Disruptions to operations, businesses and supply chains.
- Disruptions to travel and tourism.
- Disruptions to the property and infrastructure sectors.
- Disruptions to the education and health sectors.

**OPERATIONAL IMPROVEMENTS**

**REIT Manager**
- Revisited TC2025 and re-strategised for better operational efficiency.
- Continued to source for yield-accretive external assets, especially in the Services and Industrial & Others segments.
- Capital management initiatives to strategise and capitalise on favourable rates and tenures.
- Optimising floating-rate borrowings.
- Explore new sources of financing.
- Monitoring existing and initiating new strategic AEI/Property Development initiatives.
- Conducting strategic initiatives with the Business Unit Management Team.
- Monitoring and defending asset performance with balanced and prudent cost Management with mitigation measures (such as Eliminate, Simplify, Standardise, Automate).
- Included risk assessment on: operational safety and health risk.
- Tenancy renewal risk, to protect the occupancy of retail and office properties.

**Retail**
- AEL and reconfigurations: - Adidas opened its largest South East Asia brand centre in Sunway Pyramid Shopping Mall.
- Sports Direct opened its flagship store in Sunway Resort Hotel Annexes.
- Confidence-building initiatives for shoppers with elevated safety and hygiene standards.
- Sunway Smart Parking – Malaysia’s largest fully unified smart parking system.

For more information on business operations, please refer to Operations Review section.

**Hotel**
- Implementation of virtual site inspection.
- Utilising creative digital marketing videos and leveraging social media platforms to offer virtual guided tours.
- Communicating and interacting with existing tenants to obtain feedback.

For more information on investment activities, please refer to Investment Review section.

**Asset Enhancement Initiatives/Property Development Activities**

- Internet of Toilets – Smart toilet system to optimise productivity and cost management.
- Launch of Sunway e-commerce platform for a seamless Online- to- Offline shopping experience.
- Hotel
  - Culinary transformation with the opening of the Gordon Ramsay Bar & Grill in Sunway Resort Hotel.
  - Building and maintaining public safety and international standards.
- Creating packages to target the domestic market while waiting for the reopening of international borders.
- Digital transformation to enhance guest experience with introduction of one-stop application for reservation, keyless entry, in-room facilities and e-commerce services.
- Dynamic pricing features.
- Grand ballroom and function rooms renovated with new technology support for conferencing and live streaming.
- Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown converted to room-only model.
- Sunway City Hotel listed as a premium quarantine hotel.

**A Framework Of Trust And Accountability**

- Sunway REIT worked on and improved upon our Business Continuity Plans while taking advantage of this window of opportunity to reposition and re-strategise to benefit from the "new normal".

**COVID-19 BUSINESS CONTINUITY PLAN**

- Prevention, Preparedness, Response & Recovery
  - Ensured full compliance with SOPs among staff, building occupants, visitors and service providers.
  - Identification of high-risk exposure areas for administration of stricter SOPs.
  - Minimised face-to-face meetings and leveraged online tools for communication and meetings.
  - Ensured all staff who worked in the office performed the MySejahtera QR scan prior to entering the office.
  - All employees were instructed to wear masks at all times and to sanitize body temperature at building entrances.
  - Frontliners were required to wear gloves.
  - Social Distancing Officers were appointed to conduct inspections around the office.
  - FACSW allowed testing arrangements for staff categorised into close contacts due to exposure at work.
  - Periodic COVID-19 tests for all staff.
  - Implemented SOPs and self-testing for non-employees.

**Pillar 1: Guest Contact**
- Guests were required to adhere to the safety guidelines such as wearing face masks, observing social distancing and using the hotel’s contactless services, while all workers handling luggage and food delivery were required to wear masks and gloves.

**Pillar 2: Hygiene Protocols**
- Hotel team members were briefed daily on safety and hygiene protocols, which included increased cleaning frequency at common areas and high touchpoints. All guest rooms were thoroughly sanitised, including 10 high touchpoint surfaces such as switches, door handles and remote controls.

**Pillar 3: Food Safety & Events**
- A stringent Food Safety Management System (FSMS) policy had to be adhered to by all food handling personnel. For events, SOPs and menu packages were designed that complied with the Ministry of Health’s guidelines.

**Pillar 4: Booking & Cancellation Policy**
- Guests were required to adhere to the safety guidelines such as wearing face masks, observing social distancing and using the hotel’s contactless services, while all workers handling luggage and food delivery were required to wear masks and gloves.

**Pillar 5: Workplace Safety Protocol**
- The daily frequency of cleaning was increased in high-touch areas, especially high touchpoint areas. In the event of a COVID-19 case, the hospitality management team would immediately activate the Crisis Response and Recovery Team to immediately isolate the relevant protocols and cooperate with the local health authorities.
Several waves of the COVID-19 pandemic and imposition of various phases of MCO and NRP have significantly affected the operations and businesses of Sunway REIT’s core segments, Retail and Hotel. That said, with mass vaccinations and reopening of the economy, Sunway REIT expects to see a stronger recovery ahead.

The unprecedented impact of the pandemic has led to Bank Negara Malaysia (BNM) maintaining the Overnight Policy Rate (OPR) at a record low of 1.75% since July 2020. With the accommodative interest rate environment, the Manager continues to implement practical capital management strategies which include a balanced debt profile of fixed and floating rates, as well as a dynamic and well-diversified financing profile. As such, Sunway REIT has maintained its track record in achieving one of the lowest average cost of debt at 2.79% compared to other M-REITs.

In October 2020, Sunway REIT successfully completed a Private Placement exercise to raise RM710 million to fund the acquisition of The Pinnacle Sunway and the ongoing expansion of Sunway Carnival Shopping Mall - both of which are expected to contribute positively to earnings and distribution in the coming years. Despite challenging economic and sociopolitical conditions, the issuance was fully subscribed, with strong demand from local and regional funds, including Malaysian government-linked investment companies. The exercise was named the ‘Best Non-IPO Share Placement of 2020’ by The Edge Markets and was noted to have reopened the REIT primary fund raising market in Malaysia amidst the pandemic.

Guided by Sunway REIT’s robust risk management framework, the Manager has continued to implement prudent cash conservation measures to ensure sufficient flexibility in comfortably meeting ongoing obligations and commitments. This includes establishing a Distribution Reinvestment Scheme (DRS) in October 2020 (which has yet to be implemented during the financial period) as well as maintaining the income distribution frequency on a semi-annual basis and payout of at least 90% of distributable income.

The Manager has also continued to implement various cost containment measures, including the reduction, cancellation and/or deferment of non-essential operational and capital spending, renegotiation of procurement contracts, and the adoption of a leaner cost structure to improve NPI margins which have been impacted by the crisis.

The Manager continues to stay ahead of the curve by working closely with lessees and Business Unit Management Teams.

For more information, please refer to Capital Management section.

Sunway REIT is firmly committed to Environmental, Social, and Governance (ESG) goals and is proud to be the first M-REIT to integrate ESG factors in its capital management strategy.

In December 2021, SUNREIT Unrated Bond Berhad successfully issued the first tranche of Sunway REIT’s inaugural Sustainability-Linked Bond (SLB) as part of its existing RM10 billion unrated medium term notes programme. Structured in compliance with the International Capital Market Association’s (ICMA) Sustainability-Linked Bond Principles, the SLB features a pricing adjustment mechanism benchmarked against the achievement of predetermined Sustainability Performance Targets (SPTs) which measure the improvement in Sunway REIT’s sustainability goals, which include renewable energy generation and Building Energy Intensity (BEI) score for its retail properties.

The successful SLB issuance represents a new milestone for sustainable finance in Malaysia and is expected to further strengthen Sunway REIT’s ability to access diverse sources of funds while drawing clear parallels between the achievement of ESG targets and optimisation of financing cost.

While headwinds and challenges persist, we anticipate that consumer spending and business sentiment will progressively recover. Sunway REIT will continue to build on the strength of a diversified portfolio and expand through synergistic business collaborations in the coming year.
FINANCIAL HIGHLIGHTS (RM)

**Statement of Profit or Loss and Other Comprehensive Income**

<table>
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<tr>
<th>Year</th>
<th>As at 31 December 2021</th>
<th>As at 30 June 2020</th>
<th>As at 30 June 2019</th>
<th>As at 30 June 2018</th>
<th>As at 30 June 2017</th>
</tr>
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<tbody>
<tr>
<td><strong>Investment properties</strong></td>
<td>8,701,745</td>
<td>8,020,233</td>
<td>8,047,100</td>
<td>7,280,225</td>
<td>6,689,200</td>
</tr>
<tr>
<td><strong>Earnings per unit (realised) (sen)</strong></td>
<td>6.68</td>
<td>7.7</td>
<td>6.9</td>
<td>9.59</td>
<td>9.19</td>
</tr>
<tr>
<td><strong>Distribution yield (%)</strong></td>
<td>2.9</td>
<td>4.5</td>
<td>5.1</td>
<td>5.4</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>Management expense ratio (%)</strong></td>
<td>0.74</td>
<td>0.86</td>
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**Statement of Asset Value**

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<tr>
<td><strong>Investment properties</strong></td>
<td>8,701,745</td>
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<td>8,047,100</td>
<td>7,280,225</td>
<td>6,689,200</td>
</tr>
<tr>
<td><strong>Earnings per unit (realised) (sen)</strong></td>
<td>6.68</td>
<td>7.7</td>
<td>6.9</td>
<td>9.59</td>
<td>9.19</td>
</tr>
<tr>
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<td>5.1</td>
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<td>5.2</td>
</tr>
<tr>
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<td>0.74</td>
<td>0.86</td>
<td>0.86</td>
<td>0.85</td>
<td>0.85</td>
</tr>
</tbody>
</table>

**Statement of Financial Position**

<table>
<thead>
<tr>
<th>Year</th>
<th>As at 31 December 2021</th>
<th>As at 30 June 2020</th>
<th>As at 30 June 2019</th>
<th>As at 30 June 2018</th>
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</tr>
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</table>

FINANCIAL HIGHLIGHTS (USD)

**Statement of Profit or Loss and Other Comprehensive Income**

<table>
<thead>
<tr>
<th>Year</th>
<th>As at 31 December 2021</th>
<th>As at 30 June 2020</th>
<th>As at 30 June 2019</th>
<th>As at 30 June 2018</th>
<th>As at 30 June 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment properties</strong></td>
<td>2,088,252</td>
<td>1,871,700</td>
<td>1,946,169</td>
<td>1,803,152</td>
<td>1,557,802</td>
</tr>
<tr>
<td><strong>Earnings per unit (realised) (cents)</strong></td>
<td>1.58</td>
<td>1.84</td>
<td>2.35</td>
<td>2.30</td>
<td>2.21</td>
</tr>
<tr>
<td><strong>Distribution yield (%)</strong></td>
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</tbody>
</table>

**Note:**

1. For the financial period of 18 months from 1 July 2020 to 31 December 2021.
2. Included unearned lease income receivable pursuant to MFRS 16 Leases (from FY2020 onwards).
3. Comprising divested income at 3.28% per annum and proposed final income distribution of 2.80 sen per unit.
4. Based on annualised DPU of 0.96 cents divided by the closing unit price as at 31 December 2021 of USD0.34.
5. Based on annualised trust expenses for the financial period of 12 months from 1 July 2020 to 31 December 2021.
6. Based on annualised income distributed of 0.78 cents per unit and proposed final income distribution of 0.66 cents per unit.
7. Comprising income distributed of 0.78 cents per unit and proposed final income distribution of 0.66 cents per unit.
8. Based on annualised DPU of 0.96 sen divided by the closing unit price as at 31 December 2021 of USD0.34.
9. For the comparative figures as at 30 June 2020 have been reclassified to conform to the current financial period's presentation.
10. For the comparative figures as at 30 June 2020 have been reclassified to conform to the current financial period's presentation.
11. Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position were translated at the average exchange rate of 4.2000 and closing exchange rate of 4.1795 as at 31 December 2021 respectively.
SUNWAY REIT

FINANCIAL HIGHLIGHTS

Performance Benchmarks

<table>
<thead>
<tr>
<th>Performance Benchmark</th>
<th>FP2021</th>
<th>FY2020</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Management expense ratio (MER) (%)</td>
<td>0.74%</td>
<td>0.86%</td>
<td>MER was lower by 0.12% due to larger net asset value with the completion of a private placement in October 2020, while management expense remained largely the same. The MER was comparable to the top five M-REITs (in terms of market capitalisation), which ranged from 0.60% - 0.80%. For more information, please refer to Note 30 to Audited Financial Statements section.</td>
</tr>
<tr>
<td>ii. Total return (%)</td>
<td>-10.1%</td>
<td>-8.9%</td>
<td>Total return for the financial period was a reflection of the drop in closing unit price of 13.0%, which was partially cushioned by the annualised distribution yield of 2.9%. Total return for FY2020 also resulted from a price contraction of 13.4%, offsetting the distribution yield of 4.5%. For more information, please refer to Financial Review section.</td>
</tr>
<tr>
<td>iii. Average total return (5 years) (%)</td>
<td>1.48%</td>
<td>6.5%</td>
<td>The 5-year average total return was lower due to the negative total return in FP2021.</td>
</tr>
<tr>
<td>iv. Average total return (3 years) (%)</td>
<td>-2.8%</td>
<td>2.2%</td>
<td>The 3-year average total return was lower due to the negative total return in FP2021.</td>
</tr>
<tr>
<td>v. Distribution yield (%)</td>
<td>2.9%</td>
<td>4.5%</td>
<td>Distribution yield was lower by 1.6% due to the decrease in annualised DPU of 44.7%, while the closing unit price declined by 13.0%. For more information, please refer to Trading Performance section.</td>
</tr>
<tr>
<td>vi. NAV per unit attributable to unitholders (after income distribution) (RM)</td>
<td>1.4866</td>
<td>1.4804</td>
<td>New units in relation to the private placement exercise in October 2020 were issued at RM1.48 per unit. The decline in NAV per unit of 0.8% was attributable to the unrealised fair value loss on investment properties of RM57.3 million following the revaluation exercise in December 2021. For more information, please refer to Fair Value of Investment Properties section.</td>
</tr>
<tr>
<td>vii. Closing unit price (RM)</td>
<td>1.41</td>
<td>1.62</td>
<td>The unit price for Sunway REIT decreased by 13.0% due to the adverse impacts brought about by the pandemic on the Retail and Hotel segments of Sunway REIT. For more information, please refer to Trading Performance section.</td>
</tr>
</tbody>
</table>

![Distribution Per Unit (DPU) (sen)](image)

PROFIT FOR THE FINANCIAL PERIOD

Sunway REIT achieved a profit for the financial period ended 31 December 2021 of RM195.5 million (FY2020: RM208.2 million), comprising a realised profit of RM251.8 million (FY2020: RM248.4 million) and an unrealised loss of RM56.3 million (FY2020: RM40.2 million).

The realised profit of RM251.8 million was contributed by net property income from all business segments discussed in the Financial Review section, amounting to RM437.5 million, and interest income of RM11.3 million. Interest income was largely derived from deposits with financial institutions and short-term investments in money market instruments. The income earned was partially used for finance costs of RM137.0 million and Manager’s fees of RM53.9 million. The overnight policy rate adjustments by Bank Negara Malaysia since early 2020 contributed to lower finance costs for the financial period following the periodic rate adjustments on floating rate borrowings and the refinancing of borrowings during the financial period at lower market interest rates. The average interest rate for the financial period was 2.79% (FY2020: 3.66%).

The unrealised loss of RM56.3 million was mainly due to fair value loss on investment properties of RM57.3 million (after accounting for capital expenditure incurred of RM15.6 million), which was pursuant to a revaluation exercise undertaken by independent registered valuers on all investment properties held by Sunway REIT as at 31 December 2021. The fair value loss was partially mitigated by a reversal of deferred tax expense of RM0.8 million in relation to the freehold land component within the investment properties.

Sunway REIT’s distribution policy requires the Manager to distribute at least 90% of the distributable income of Sunway REIT. This translates to more than 90% of its taxable income in a year of assessment where Sunway REIT will be exempted from income tax for the same year of assessment.

For the current financial period ended 31 December 2021, the Manager has proposed a total cash income distribution of RM204.6 million or 6.10 sen per unit, achieving 90% of the distributable income of Sunway REIT of RM221.9 million. Accordingly, RM173.3 million or 6.52 sen per unit has been retained.

The income distribution frequency was varied from quarterly to half-yearly with effect from 1 January 2020 (3Q FY2020) as a pre-emptive cash conservation measure in view of the rental support provided to eligible tenants/lessees and the slower collection pace. The income distribution for the period from 1 July 2020 to 30 September 2020 (1Q FP2021) was an advance income distribution to the existing unitholders of Sunway REIT prior to the issuance of new units pursuant to the private placement exercise in October 2020. Thereafter, Sunway REIT continued with semi-annual income distribution for the periods ended 30 June 2021 (3Q & 4Q FP2021) and 31 December 2021 (5Q & 6Q FP2021).
At the 8th Annual General Meeting (AGM) on 2 October 2020, the unitholders of Sunway REIT approved the establishment of a Distribution Reinvestment Scheme (DRS) that provides the unitholders of Sunway REIT with an option to elect to reinvest all or part of their cash income distribution in new units of Sunway REIT (DRS units). The Manager has not applied the DRS to the income distribution during the financial period and will be seeking a renewal of the authority to issue DRS units when required at the 9th AGM to be held on 7 April 2022.

For more information, please refer to Ordinary Resolution 3 of the Notice of Ninth Annual General Meeting.

STATEMENT OF CASH FLOWS

Operating Activities

Net cash generated from operating activities was RM342.5 million, derived from rental collections and refundable deposits received from lessees and tenants, which were partially used for property operating expenses.

Investing Activities

Net cash used in investing activities of RM575.0 million was predominantly for the balance purchase consideration and incidental costs on acquisition of The Pinnacle Sunway, progress payments for expansion works at Sunway Carnival Shopping Mall and the phased refurbishment of Sunway Resort Hotel.

Right-of-use asset and lease liability were pursuant to a 12-year lease obtained from the State Government of Penang in relation to Sunway Carnival Shopping Mall for car park purposes and recognised in accordance with MFRS 16 Leases.

Total liabilities, which mainly comprised borrowings, remained largely unchanged at RM3.7 billion. Total borrowings stood at RM3.4 billion as at 31 December 2021 compared to RM8.5 billion as at 30 June 2020. The increase was largely contributed by the increase in investment properties of RM0.7 billion through the acquisition of The Pinnacle Sunway from the Sponsor for RM450 million on 20 November 2020 and ongoing capital expenditure, mainly for the expansion of Sunway Carnival Shopping Mall and the phased refurbishment of Sunway Resort Hotel.

FINANCIAL HIGHLIGHTS

STATEMENT OF FINANCIAL POSITION

Total Asset Value RM9.2 Billion +8.2%

The total asset value (TAV) of Sunway REIT increased by 8.2% or RM0.7 billion to RM9.2 billion as at 31 December 2021 compared to RM8.5 billion as at 30 June 2020. The increase was largely contributed by the increase in investment properties of RM0.7 billion through the acquisition of The Pinnacle Sunway from the Sponsor for RM450 million on 20 November 2020 and ongoing capital expenditure, mainly for the expansion of Sunway Carnival Shopping Mall and the phased refurbishment of Sunway Resort Hotel.

Right-of-use asset and lease liability were pursuant to a 12-year lease obtained from the State Government of Penang in relation to Sunway Carnival Shopping Mall for car park purposes and recognised in accordance with MFRS 16 Leases.

Correspondingly, the net asset value (NAV), comprising unitholders’ funds and perpetual note holders’ funds, increased by RM0.7 billion to RM5.5 billion as at 31 December 2021 from RM4.8 billion as at 30 June 2020. The increase was largely due to the issuance of new units pursuant to the private placement exercise that raised net proceeds of RM706 million, which contributed to higher unitholders’ funds. The perpetual note holders’ funds were in relation to the proceeds from the issuance of a perpetual note of RM0.3 billion (net of transaction costs incurred) in April 2019.

Cash and cash equivalents, representing cash and bank balances, stood at RM290.5 million as at 31 December 2021, higher by RM188.7 million compared to RM101.8 million as at 30 June 2020, and mainly contributed by balance proceeds from the private placement.

VALUE ADDED STATEMENT

Value Added

<table>
<thead>
<tr>
<th></th>
<th>FP2021</th>
<th>FY2020</th>
<th>FY2019</th>
<th>FY2018</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total turnover</td>
<td>675,558</td>
<td>556,875</td>
<td>580,299</td>
<td>560,406</td>
<td>522,868</td>
</tr>
<tr>
<td>Purchases of goods and services</td>
<td>(218,482)</td>
<td>(140,066)</td>
<td>(140,604)</td>
<td>(140,476)</td>
<td>(134,051)</td>
</tr>
<tr>
<td>Interest and other income/(expense)</td>
<td>(66,953)</td>
<td>(66,615)</td>
<td>101,305</td>
<td>148,085</td>
<td>158,198</td>
</tr>
<tr>
<td>Total Value Added</td>
<td>390,123</td>
<td>360,194</td>
<td>541,000</td>
<td>568,015</td>
<td>542,016</td>
</tr>
</tbody>
</table>

Reconciliation

Total comprehensive income for the period/year

<table>
<thead>
<tr>
<th></th>
<th>198,112</th>
<th>206,091</th>
<th>386,348</th>
<th>426,894</th>
<th>424,804</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add: Finance costs</td>
<td>136,969</td>
<td>116,392</td>
<td>117,664</td>
<td>105,646</td>
<td>89,295</td>
</tr>
<tr>
<td>Manager’s fees</td>
<td>53,912</td>
<td>36,989</td>
<td>36,260</td>
<td>34,463</td>
<td>31,650</td>
</tr>
<tr>
<td>Trustee’s fees</td>
<td>1,130</td>
<td>722</td>
<td>728</td>
<td>1,012</td>
<td>1,266</td>
</tr>
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Value Distributed

Manager and Trustee

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<th>53,912</th>
<th>36,989</th>
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<td>728</td>
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<td>1,266</td>
</tr>
<tr>
<td>Providers of capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>116,392</td>
<td>117,664</td>
<td>105,646</td>
<td>89,295</td>
</tr>
<tr>
<td>Perpetual note distribution</td>
<td>29,917</td>
<td>19,944</td>
<td>4,141</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income distribution</td>
<td>204,596</td>
<td>215,874</td>
<td>282,433</td>
<td>281,844</td>
<td>270,652</td>
</tr>
<tr>
<td>Reinvestment and growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undistributed income/(loss)</td>
<td>(36,401)</td>
<td>(29,727)</td>
<td>99,774</td>
<td>145,050</td>
<td>154,152</td>
</tr>
<tr>
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<td>542,016</td>
</tr>
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1. For financial period of 18 months from 1 July 2020 to 31 December 2021.
2. In respect of proposed/declared income distribution to unitholders. The proposed final income distribution will be recognised and paid in the following financial year.
3. Mainly comprised unrealised income/(loss).
The fair value loss was a reflection of the ongoing capital expenditure on property development works, partially supported by the stable value of RM8.49 billion and investment properties under construction at cost of RM0.25 billion. Investment properties at fair value

<table>
<thead>
<tr>
<th>Property Location</th>
<th>Location</th>
<th>Property Yield FY2020</th>
<th>Number</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunway Pyramid Shopping Mall</td>
<td>Selangor</td>
<td>5.3</td>
<td>3,830</td>
<td>3,830</td>
</tr>
<tr>
<td>Sunway Carnival Shopping Mall</td>
<td>Penang</td>
<td>5.7</td>
<td>393</td>
<td>393</td>
</tr>
<tr>
<td>SunCity Iphix Hypermarket</td>
<td>Perak</td>
<td>6.5</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Sunway Putra Mall</td>
<td>Kuala Lumpur</td>
<td>3.3</td>
<td>525</td>
<td>545</td>
</tr>
<tr>
<td>Sunway Resort Hotel</td>
<td>Selangor</td>
<td>3.5</td>
<td>575</td>
<td>500</td>
</tr>
<tr>
<td>Sunway Pyramid Hotel</td>
<td>Selangor</td>
<td>3.7</td>
<td>344</td>
<td>342</td>
</tr>
<tr>
<td>Sunway Clio Property</td>
<td>307</td>
<td>307</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sunway Hotel Saberang Jaya</td>
<td>Penang</td>
<td>4.3</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Sunway Putra Hotel</td>
<td>Kuala Lumpur</td>
<td>2.5</td>
<td>330</td>
<td>334</td>
</tr>
<tr>
<td>Sunway Hotel Georgetown</td>
<td>Penang</td>
<td>3.1</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Menara Sunway</td>
<td>1,696</td>
<td>1,623</td>
<td>73</td>
<td>1.6</td>
</tr>
<tr>
<td>Sunway Medical Centre (Tower A &amp; B)</td>
<td>Selangor</td>
<td>3.3</td>
<td>370</td>
<td>348</td>
</tr>
<tr>
<td>Sunway Putra Hotel Kuala Lumpur</td>
<td>545</td>
<td>500</td>
<td>75</td>
<td>0.2</td>
</tr>
<tr>
<td>Sunway Tower Kuala Lumpur</td>
<td>120</td>
<td>120</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sunway Pyramid Mall</td>
<td>Kuala Lumpur</td>
<td>5.9</td>
<td>330</td>
<td>334</td>
</tr>
<tr>
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<td>Penang</td>
<td>4.3</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Sunway Clio Property</td>
<td>192</td>
<td>192</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sunway Tower Kuala Lumpur</td>
<td>120</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Sunway university &amp; college campus</td>
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<td>75</td>
<td>0.2</td>
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</tr>
<tr>
<td>Sunway Medical Centre (Tower A &amp; B)</td>
<td>Selangor</td>
<td>3.3</td>
<td>370</td>
<td>348</td>
</tr>
<tr>
<td>Sunway university &amp; college campus</td>
<td>545</td>
<td>500</td>
<td>75</td>
<td>0.2</td>
</tr>
<tr>
<td>Sunway Pyramid Mall</td>
<td>Kuala Lumpur</td>
<td>5.9</td>
<td>330</td>
<td>334</td>
</tr>
<tr>
<td>Sunway Clio Property</td>
<td>192</td>
<td>192</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sunway Tower Kuala Lumpur</td>
<td>120</td>
<td>120</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Menara Sunway</td>
<td>1,623</td>
<td>1,623</td>
<td>73</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Property yield was computed based on annualised NPI from completion of the acquisition on 20 November 2020 to 31 December 2021.

For more information on ESG goals and targets, please refer to the Sustainability Scorecard – Goals and targets section.
Sunway REIT closed FP2021 with an improved average cost of debt of 2.79%. The ongoing uncertainties surrounding the dynamics of the pandemic period during the financial period has prompted the Manager to re-visit its strategy and reduced the fixed rate borrowings of Sunway REIT to 38%.

The Manager envisages to maintain a manageable level of floating rate borrowings to allow Sunway REIT to benefit from the interest rate adjustments in view of the accommodative and supportive national monetary policy overseen by Bank Negara Malaysia (BNM), which has continued to yield returns to unitholders over the years.

The Manager will also continue to monitor the interest rate environment for opportunities to look in favourable fixed rates, including opportunities to hedge through interest rate swap contracts.

### DYNAMIC AND WELL-DIVERSIFIED FINANCING PROFILE

The Manager has successfully refinanced all the borrowings of Sunway REIT which matured during the financial period on the respective maturity dates. As at 31 December 2021, the weighted average debt maturity of Sunway REIT was approximately 2.3 years.

### OPTIMAL GEARING LEVEL

Sunway REIT ended FP2021 with a healthy gearing level of 37%. It has a gearing policy of not exceeding 50% of its total asset value in accordance with the Listed REIT Guidelines. On 12 August 2020, the SC further increased the gearing limit for M-REITs from 50% to 60%, temporarily until 31 December 2022, in light of the challenging operating environment during the COVID-19 pandemic.

In the short term, the Manager may optimise the allowed gearing level to seize on yield-accretive investments. On the longer horizon, the Manager always strives to maintain the gearing in the lower-end range of 40% and reviews the opportunity to undertake equity financing when appropriate.

With the completion of the latest private placement in October 2020, which raised gross proceeds of RM10 million to fund the acquisition of The Pinnacle Sunway and the expansion of Sunway Carnival Shopping Mall, the total borrowings of Sunway REIT remained largely unchanged at RM3.4 billion during the financial period. The equity fund strengthened the balance sheet of Sunway REIT, providing large debt headroom of about RM1.2 billion to fund investment opportunities before the gearing reaches the limit of 50%.

### BALANCED DEBT PORTFOLIO

The resilient capital management of Sunway REIT is premised on a diversified and balanced financing profile. During the financial period, Sunway REIT established and issued the inaugural Sustainability-Linked Bond (SLB) under the existing unrated medium term notes (MTN) programme of SUNREIT Unrated Bond Berhad, being the first M-REIT to venture into sustainability financing sphere. Besides providing access to diverse financing sources, sustainability financing allows Sunway REIT to enjoy financing cost savings when the sustainability targets are met, providing tangible positive environmental impact.

### OPTIMAL GEARING LEVEL

#### OPTIMAL GEARING LEVEL

<table>
<thead>
<tr>
<th>Debt Maturity Profile (RM’million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed rate</td>
</tr>
<tr>
<td>MTN 5Y 2023</td>
</tr>
<tr>
<td>MTN 3Y 2024</td>
</tr>
<tr>
<td>MTN 1Y 2025</td>
</tr>
</tbody>
</table>

#### Debts Maturity Profile (RM’million)

- **February**: 2022
- **March**: 2022
- **April**: 2022
- **May**: 2022
- **June**: 2022
- **October**: 2022
- **November**: 2022
- **December**: 2022

#### Change %

<table>
<thead>
<tr>
<th>Property</th>
<th>Gross Revenue</th>
<th>Net Property Income</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunway Pyramid Shopping Mall</td>
<td>302,131</td>
<td>178,190</td>
<td>-36.1%</td>
</tr>
<tr>
<td>Sunway Carnival Shopping Mall</td>
<td>45,064</td>
<td>31,556</td>
<td>-20.6%</td>
</tr>
<tr>
<td>SunCity i-Do Hypermarket</td>
<td>4,504</td>
<td>3,745</td>
<td>-21.2%</td>
</tr>
<tr>
<td>Sunway Putra Mall</td>
<td>52,348</td>
<td>42,019</td>
<td>-19.3%</td>
</tr>
</tbody>
</table>

#### Total for Retail Segment

- **Total**: 404,047
- **Change**: -32.3%
- **Change %**: 229,897
- **FY2020**: 248,538
- **FP2021**: -48.7%

#### Total for Hotel Segment

- **Total**: 49,815
- **Change**: -50.7%
- **Change %**: 40,339
- **FY2020**: 62,257
- **FP2021**: -55.6%

#### Total for Industrial & Others Segment

- **Total**: 101,634
- **Change**: -62.9%
- **Change %**: 66,778
- **FY2020**: 41,500
- **FP2021**: -73.1%

#### Total Portfolio

- **Total**: 655,374
- **Change**: -34.1%
- **Change %**: 437,492
- **FY2020**: 939,879
- **FP2021**: -34.1%

#### Financial Review

- **Gross Revenue**: 655,974
- **Net Property Income**: 410,873
- **Profit for the period/year (realised)**: 251,824
- **Income available for distribution (realised)**: 241,907
- **EPU (realised) (sen)**: 6.8
- **DPU (sen)**: 3.3
- **Change %**: 7.6

#### Financial Profile

- **RM'000**
- **Change**: 6,867
- **DPU (sen)**: 3.3
- **Change %**: 7.6

#### Financial Highlights

<table>
<thead>
<tr>
<th>Property</th>
<th>Gross Revenue</th>
<th>Net Property Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunway Pyramid Shopping Mall</td>
<td>302,131</td>
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<td>Sunway Putra Mall</td>
<td>52,348</td>
<td>42,019</td>
</tr>
</tbody>
</table>

#### Financial Review

- **Gross Revenue**: 655,974
- **Net Property Income**: 410,873
Two core segments of Sunway REIT, namely the Retail and Hotel segments, continued to be adversely impacted by the pandemic, leading to a drop in contribution from those segments in FY2021. The performance of Sunway REIT was cushioned by the contributions from the Office, Services and Industrial & Others segments, which recorded an increase in overall performance mainly due to new contribution from The Pinnacle Sunway, acquired on 20 November 2020, and contractual rental uplifts from the Services and Industrial & Others segments in accordance with their lease agreements.

The Retail segment remained the key contributor to the revenue and NPI of Sunway REIT, contributing 62% (FY2020: 67%) and 53% (FY2020: 62%) of its total revenue and NPI, respectively. The segment showed encouraging recovery in the first quarter following the easing of movement restrictions coupled with several festive celebrations, before retracting subsequently with the resurgence of COVID-19 cases in Malaysia since September 2020. This led to the reintroduction of targeted restriction movement measures for almost one year, until September 2021. Thereafter, the segment enjoyed a promising recovery in retail sales and footfall during the last quarter of the financial period. The average occupancy rate of the Retail segment for FY2021 remained stable at 97% (FY2020: 95%).

The Retail segment recorded revenue of RM404.0 million and NPI of RM229.9 million for FY2021, after consideration of rental support provided on a case-to-case basis to affected tenants. Revenue and NPI for the 12-month financial period ended 30 June 2021 contracted by 32.3% and 48.7%, respectively, over a longer movement restriction period compared to FY2020.

Sunway Pyramid Shopping Mall being the crown jewel of Sunway REIT, maintained its position as the major contributor with revenue and NPI contributions for the 12-month financial period ended 30 June 2021 of RM178.2 million (FY2020: RM279.0 million) and RM98.1 million (FY2020: RM204.8 million), respectively. The average occupancy rate was fairly stable at 98% for FY2021 (FY2020: 98%).

Sunway Carnival Shopping Mall’s revenue declined to RM31.6 million (FY2020: RM39.7 million) and its NPI fell to RM15.9 million (FY2020: RM22.3 million) for the 12-month financial period ended 30 June 2021, while the average occupancy rate for FY2021 closed slightly lower at 95% (FY2020: 96%).

Sunway Putra Mall recorded a drop in revenue to RM34.0 million (FY2020: RM42.2 million) and experienced a corresponding decrease in NPI to RM10.8 million (FY2020: RM18.0 million) for the 12-month financial period ended 30 June 2021. The average occupancy rate remained stable at 93% for FY2021 (FY2020: 93%).

### Financial Review

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2020</th>
<th>FP2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>364.7</td>
<td>404.0</td>
<td>48.7%</td>
</tr>
<tr>
<td>NPI</td>
<td>246.7</td>
<td>229.9</td>
<td>48.7%</td>
</tr>
</tbody>
</table>

Excluded unrealised income in relation to unbilled lease income receivable pursuant to MFRS 16 Leases.
The Office segment remained resilient with a largely stable average occupancy rate. The revenue and NPI for the segment were boosted by the new contribution from The Pinnacle Sunway, acquired on 20 November 2020. The average occupancy rate of the Office segment for FP2021 also increased up to 94% (FY2020: 78%) with the inclusion of The Pinnacle Sunway.

Menara Sunway enjoyed a stable average occupancy rate of 97% in FP2021 (FY2020: 97%), being the headquarters of the Sunway Group. For the 12-month financial period ended 30 June 2021, revenue was marginally reduced by 3.0% to RM17.6 million (FY2020: RM18.1 million), mainly due to the cessation of recoupment of capital enhancement from tenants, while the NPI correspondingly declined by 2.2% to RM12.1 million (FY2020: RM12.4 million).

Sunway Tower's performance was commendable with an increase in revenue of 6.6% to RM4.7 million (FY2020: RM4.4 million) and NPI almost tripled from RM0.3 million in FY2020 to RM0.8 million for the 12-month financial period ended 30 June 2021. The average occupancy rate was 32% for FP2021 (FY2020: 33%).

Sunway Putra Tower registered a marginal decline in average occupancy rate from 86% in FY2020 to 83% in FP2021 due to downsizing of an existing tenant in June 2020. The revenue and NPI for the 12-month financial period ended 30 June 2021 correspondingly reduced by 2.3% to RM12.1 million (FY2020: RM12.4 million) and 2.2% to RM7.7 million (FY2020: RM7.3 million), respectively.

Wisma Sunway remained at full occupancy rate and enjoyed a higher revenue of RM7.0 million (FY2020: RM6.7 million) and a higher NPI of RM3.8 million (FY2020: RM3.5 million) for the 12-month financial period ended 30 June 2021, with renewals at a higher average rental rate.

The Pinnacle Sunway contributed revenue and NPI of RM22.2 million and RM17.2 million, respectively, for the 12-month financial period ended 30 June 2021, with a steady average occupancy rate of 97% for FP2021.

As the hotel industry was one of the worst-hit economic sectors, the Hotel segment’s contributions to Sunway REIT’s total revenue and NPI decreased to 8% (FY2020: 13%) and 9% (FY2020: 16%), respectively. The segment registered an average occupancy rate of 32% for FP2021, excluding Sunway Resort Hotel which was closed for refurbishment (FY2020: 53%). The Manager took advantage of the lull period to refurbish and upgrade the Sunway Resort Hotel in phases in order to position it for the upturn in demand following the recovery from the pandemic. This transformational refurbishment, which will be completed in phases in 1H FY2022, is expected to provide a whole new experience for both business and leisure travellers.

The Hotel segment recorded gross revenue of RM49.8 million for FP2021, largely supported by guaranteed income on DPU, which was approximately 0.90 sen. The top-up for guaranteed NPI of Sunway Clio Property amounted to RM2.4 million in FY2020 and RM2.4 million in FP2021. In addition, the top-up for guaranteed NPI of Sunway Clio Property amounted to RM12.3 million for FP2021. Total effect of the top-up for guaranteed income on DPU was approximately 0.90 sen.

Of the three, Sunway Hotel Seberang Jaya were renewed during the financial period for a lease period of 10 years, with the rent at 90% of the hotels’ gross operating incomes during the financial period ended 30 June 2021, resulting from low gross operating income from Sunway Clio Property, Sunway Putra Hotel and Sunway Hotel Seberang Jaya.

Sunway Resort Hotel was closed for refurbishment from July 2020 in view that Sunway REIT has sufficient capacity in Sunway City, supported by the room inventories at Sunway Pyramid Hotel and Sunway Clio Hotel, to cater for the gradual recovery in demand from domestic travellers while international borders remained closed. The revenue for FP2021 was contributed by the multi-storey annexe building within Sunway Resort Hotel’s land known as the Pinnacle Annex.

Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya recorded minimal revenue and NPI for the 12-month financial period ended 30 June 2021, resulting from low gross operating income from tenants, while the NPI correspondingly declined by 2.2% to RM12.1 million (FY2020: RM12.4 million), mainly due to the cessation of recoupment of capital enhancement from tenants, and the NPI correspondingly declined by 1.7% to RM12.1 million (FY2020: RM12.4 million). Of the three, Sunway Clio Hotel achieved the highest average occupancy rate for FP2021 of 51% (FY2020: 48%), benefiting from the use of the hotel as a quarantine centre, while Sunway Putra Hotel and Sunway Hotel Georgetown reported lower average occupancy rates for FP2021 of 29% (FY2020: 33%) and 43% (FY2020: 51%), respectively, as the hotels were heavily dependent on international tourists, especially from China and India.
The Services segment consists of Sunway Medical Centre (Tower A & B) and Sunway university & college campus, which are medical and education assets respectively, on a triple-net master lease with fixed rentals and predetermined annual rental reversion.

The segment registered revenue and NPI of RM91.2 million for FY2021. The revenue and NPI for the 12-month financial period ended 30 June 2021 stood at RM60.6 million, an increase of 2.8% or RM1.7 million compared to FY2020, due to annual rental reversions in accordance with the master lease agreements.

The Industrial & Others segment comprises Sunway REIT Industrial – Shah Alam 1, which is an industrial property under a triple-net master lease with a fixed rental and subject to a rental review every three years. The next rental review is due on 1 January 2022.

The segment delivered a stable rental of approximately RM1.5 million per quarter in accordance with the lease agreement and contributed RM9.2 million to revenue and NPI for FY2021. The revenue and NPI for the 12-month financial period ended 30 June 2021 was RM6.2 million, the same as in FY2020 following the last rental review on 1 January 2018.
## DISTRIBUTION PER UNIT (SEN)

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FP2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPU 1%</td>
<td>5.10</td>
<td>5.57</td>
<td>5.59</td>
<td>7.33</td>
<td>6.10</td>
</tr>
<tr>
<td>DPU 2%</td>
<td>2.87</td>
<td>2.87</td>
<td>2.58</td>
<td>2.45</td>
<td>2.49</td>
</tr>
<tr>
<td>NAV per Unit (RM)</td>
<td>0.1396</td>
<td>0.1398</td>
<td>0.1401</td>
<td>0.1402</td>
<td>0.1404</td>
</tr>
<tr>
<td>Premium/Discount to NAV (%)</td>
<td>-4.0%</td>
<td>-3.9%</td>
<td>0.3%</td>
<td>0.1%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

1. The distribution frequency has been changed from quarterly to semi-annual basis with effect from 3Q FY2020.
2. DPU was flat for FY2017 due to disruption in income contribution from closure of Sunway Pyramid Hotel for refurbishment and the cessation of Manager’s fees in units.
3. DPU was flatter for FY2019 due to disruption in income contribution from closure of Sunway Resort Hotel’s grand ballroom and meeting rooms for refurbishment.
4. DPU was lower for FY2020 and FP2021 due to impact of COVID-19 pandemic which affected both retail and hotel segments.

## DISTRIBUTION YIELD & TOTAL RETURN (%)

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Movement</td>
<td>5.2</td>
<td>5.4</td>
<td>5.6</td>
<td>4.5</td>
<td>2.9</td>
</tr>
<tr>
<td>CAGR for NAV per Unit (%)</td>
<td>5.2</td>
<td>5.3</td>
<td>5.4</td>
<td>5.5</td>
<td>5.6</td>
</tr>
</tbody>
</table>

1. Based on annualised DPU of 4.06 sen for FP2021.

## PROPERTY VALUE (£MILLION)

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Asset</td>
<td>6.09</td>
<td>7.28</td>
<td>8.04</td>
<td>8.84</td>
<td>8.73</td>
</tr>
<tr>
<td>Capex</td>
<td>2.12</td>
<td>1.26</td>
<td>1.24</td>
<td>3.10</td>
<td>2.01</td>
</tr>
<tr>
<td>Acquisition 1</td>
<td>6.433</td>
<td>6.689</td>
<td>7.280</td>
<td>8.047</td>
<td>8.037</td>
</tr>
<tr>
<td>Fair Value Gain/(Loss) 2</td>
<td>108</td>
<td>106</td>
<td>103</td>
<td>41</td>
<td>303</td>
</tr>
</tbody>
</table>

1. Included incidental costs on acquisition i.e. acquisition fee, legal fee and valuation fee.
2. Fair value gain/(loss) - net of capex incurred.

## NAV PER UNIT (£MILLION) & PREMIUM TO NAV (£MILLION)

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV per Unit (RM)</td>
<td>1.70</td>
<td>1.77</td>
<td>1.87</td>
<td>1.92</td>
<td>1.95</td>
</tr>
<tr>
<td>Premium/(Discount) to NAV (%)</td>
<td>0.3726</td>
<td>0.3134</td>
<td>0.3795</td>
<td>0.3795</td>
<td>0.3795</td>
</tr>
</tbody>
</table>

1. Based on annualised DPU of 4.06 sen for FP2021.
### 5-Year Trading Performance of Sunway REIT

<table>
<thead>
<tr>
<th>Trading Summary</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021†</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Unit Price (RM)</td>
<td>1.78</td>
<td>1.77</td>
<td>1.87</td>
<td>1.62</td>
<td>1.41</td>
</tr>
<tr>
<td>52-Week Highest Traded Price (RM)</td>
<td>1.84</td>
<td>1.90</td>
<td>1.97</td>
<td>1.92</td>
<td>1.72</td>
</tr>
<tr>
<td>52-Week Lowest Traded Price (RM)</td>
<td>1.63</td>
<td>1.48</td>
<td>1.61</td>
<td>1.50</td>
<td>1.67</td>
</tr>
<tr>
<td>Price Movement (%)</td>
<td>7.2</td>
<td>(0.6)</td>
<td>5.6</td>
<td>(13.4)</td>
<td>(13.0)</td>
</tr>
<tr>
<td>Total Return (%)</td>
<td>12.4</td>
<td>4.8</td>
<td>10.7</td>
<td>(8.9)</td>
<td>(10.1) ‡</td>
</tr>
<tr>
<td>Number of Units in Circulation (unit ‘000)</td>
<td>2,945,078</td>
<td>2,945,078</td>
<td>2,945,078</td>
<td>2,945,078</td>
<td>3,424,808</td>
</tr>
<tr>
<td>Market Capitalisation (RM’000)</td>
<td>5,242,239</td>
<td>5,212,788</td>
<td>5,507,296</td>
<td>4,771,026</td>
<td>4,828,979</td>
</tr>
<tr>
<td>Free Float (%)</td>
<td>62.7</td>
<td>59.1</td>
<td>59.1</td>
<td>59.1</td>
<td>59.1</td>
</tr>
<tr>
<td>Free Float (unit ‘000)</td>
<td>1,845,386</td>
<td>1,741,130</td>
<td>1,741,130</td>
<td>1,741,130</td>
<td>2,024,513</td>
</tr>
</tbody>
</table>

Source: Sunway REIT, Bloomberg

† 18-month financial period ended 31 December 2021
‡ Total return derived from the price movement for the period and annualised distribution yield

### Unit Price Performance of Sunway REIT versus FBM KLCI INDEX and FBM Bursa Malaysia Top 100 Index

Note: The financial year end of Sunway REIT was changed from 30 June to 31 December
Source: Sunway REIT, Bloomberg

### Unitholders Statistics

Note: The financial year end of Sunway REIT was changed from 30 June to 31 December
Source: Sunway REIT, Bloomberg
**SUNWAY REIT'S MONTHLY TRADING PERFORMANCE (FP2021)**

- **Average Daily Trading Volume (million units)**
- **Month-end Closing Unit Price (RM)**

**UNIT PRICE PERFORMANCE OF SUNWAY REIT VERSUS FTSE BURSA MALAYSIA KLCI INDEX AND BURSA MALAYSIA REAL ESTATE INVESTMENT TRUST (REIT) INDEX (FP2021)**

**COMPARATIVE YIELDS (AS AT 31 DECEMBER 2021)**

- **Sunway REIT Distribution Yield**: 2.88%*
- **Employees Provident Fund Dividend Yield (2020)**: 5.20%
- **10-year Malaysian Government Securities**: 3.60%
- **12-month Fixed Deposit Rate**: 1.71%
- **Overnight Policy Rate**: 1.75%
- **FBM KLCI Yield**: 3.96%

* Derived from annualised DPU of 4.06 sen per unit

**SUNWAY REIT MONTHLY YIELD COMPARISON (FP2021)**

- **10-year Malaysia Government Securities (%)**: 
- **Yield Spread (%)**

*Note: All information is based on month-end data

Source: Sunway REIT, Bloomberg
2020 and 2021 have certainly been challenging years, but Sunway REIT is prepared for a stronger recovery ahead. Holding firm to our core principles and long-term targets, we are fully committed to delivering sustainable results across the operation and fund levels of Sunway REIT.

**OPERATION-LEVEL KPIs**

Our assets remain promising, despite the unprecedented impact brought about by the pandemic and various phases of MCO and NRP. Therefore, we are in good position to leverage on the qualities of our assets and established brand image to springboard towards future success.

**Retail - Average Occupancy Rate (%)**
- Sunway REIT has implemented a wide range of strategies to retain business partners, rebuild shopper confidence and recover footfall while complying to COVID-19 Standard Operating Procedures (SOPs) and social distancing measures.
- Hence, despite challenging market conditions during the pandemic, average occupancy rate increased in FP2021. We are confident that the trend will recover and continue to grow positively in the longer term.

**Hotel - Average Occupancy Rate (%)**
- Hotel segment was impacted due to restrictions on travel, meetings and events during various phases of MCO and NRP.
- The Manager looks forward to the reopening of Sunway Resort Hotel in 1H FY2022 and the gradual lifting of travel restrictions while working closely with hotel operators to manage costs and implement promotional strategies during this challenging time.

**Office - Average Occupancy Rate (%)**
- Compared to the Retail and Hotel segments, the Office segment was relatively less impacted by the pandemic.
- The trend in occupancy rate remains promising, and the Manager continue to be proactive, adaptive and innovative in our business strategy to stay ahead in an ever-changing and increasingly competitive environment.

**FUND-LEVEL KPIs**

At the fund level, the Manager remains fully committed in delivering sustainable, long-term returns to unitholders. Through prudent capital management and yield-accretive acquisitions, the Manager strives to position Sunway REIT as the leading diversified REIT in Malaysia.

**Property Yield (%)**
- With the disruption of retail and hotel operations during the various phases of MCO and NRP, a drop in property yield for FP2021 was inevitable.
- How to strive better in FY2022?
  - Continue exploring yield-accretive acquisitions to bring in sustainable new sources of income.
  - Continue implementing prudent cost containment measures to reduce non-essential expenditures and business continuity plans to mitigate operational risks.

**Average Cost of Debt (%)**
- As prudent capital management strategies, the Manager has successfully achieved one of the lowest average cost of debt among our peers by optimising our debt profile in light of the reduction in OPR to record lows in 2020 and 2021.
- How to strive better in FY2022?
  - Continue to conduct periodic financing and refinancing rate reviews with the dynamic and well-diversified financing profile of Sunway REIT.

**Property Value (RM'million)**
- The increase in property value was largely contributed by the acquisition of The Pinnacle Sunway, ongoing capital expenditure for the expansion of Sunway Carnival Shopping Mall, and phased refurbishment of Sunway Resort Hotel.
- How to strive better in FY2022?
  - Improve property value by improving asset performance.
  - Remain proactive in exploring yield-accretive acquisitions and strategic AEI to generate long-term value for unitholders.
OPERATIONS REVIEW

Segment Contribution by Revenue for FP2021
- Sunway Pyramid Shopping Mall: 62.0% (FY2020: 67.0%)
- Sunway Putra Mall: 58.0% (FY2020: 62.0%)

Occupancy as at 31 December 2021: 97.0% (FY2020: 97.0%)

Awards and Achievements/Key Milestones
1. Social Media Excellence Award – Community and Social Welfare: Sunway Media
2. Malaysia Shopping Malls Association’s (PPK) Best Experiential Marketing Awards 2019 (Gold Award) in Category B
3. Advertising + Marketing Magazine Marketing Excellence Award – Excellence in Corporate Social Responsibility (Bronze)
4. ICSC Asia Pacific Shopping Centre Awards in Cause-Related Marketing category (Silver)

SUSTAINABILITY INITIATIVES

ENVIRONMENT
- Provided and promoted recycling efforts, including e-waste at Sunway Putra Mall and Sunway Carnival Shopping Mall and food waste composting at Sunway Pyramid Shopping Mall
- Replacement of fluorescent lighting with energy-efficient LED lights
- Decreased electricity consumption at Sunway Putra Mall by optimising AHU and FCU functions and reducing their running hours
- Installation of Building-Integrated Photovoltaic (PV) solar panels and rainwater harvesting system (RWHS) at Sunway Pyramid Shopping Mall
- Implemented Building Energy Management System (BEMS) to control, monitor, measure and optimise building technical services and energy consumption at Sunway Pyramid Shopping Mall

SOCIAL
- Contributed to flood relief aid in partnership with the Malaysian Red Crescent Society
- Established a food bank in support of the Merdeka month campaign
- Donated 225 oximeters to the Penang State Government
- Participated in the Mask for A Mask Charity event to purchase essential items such as face masks, hand sanitisers and disinfectant sprays for Yayasan Chow Kit, Pusat Kebajikan Mary and Shelter Home PJ
- Distributed packed meals to healthcare frontliners at Pejabat Kesihatan Kepong
- Distributed more than 2,000kg of food and baby items in collaboration with The Lost Baby Items in collaboration with The Lost
- Distributed more than 2,000kg of food and baby items in collaboration with The Lost
- Distributed more than 2,000kg of food and baby items in collaboration with The Lost

PROPOSED STRATEGIES AND ACTION PLANS TO RESPOND TO MEGATRENDS

SHORT TERM
- Updating mall offerings to meet changing retail trends and consumer preferences, including:
  - Potentially exploring shorter lease periods with tenants
  - Sourcing regional/Asian brands from China, Japan, Korea and Thailand to supplement International/Western brands
  - Enhancing health and safety measures with the “Your Safe Space, Our Safe Space” initiative, including installing high-accuracy thermal cameras and conducting regular sanitisation and disinfection
  - Omnichannel marketing with Sunway eMalls platform and dedicated Online Order & Collect service
  - Increasing F&B options to capitalise on pent-up demand for dining in and to cater to different groups of customers

MID/LONG TERM
- Aligning Sunway Pyramid Convention Centre’s purpose and strategies to complement Sunway Pyramid Shopping Mall by actively hosting events that attract footfall and spending
- Enhancing experiential lifestyle offerings to attract younger generations of shoppers
- Potential expansion of Sunway Pyramid Shopping Mall (Phase 4) with 1 million sq.ft. GFA, comprising:
  - Exhibition centre/Meeting rooms: 100,000 to 120,000 sq.ft. NLA
  - New Sunway Pyramid Convention Centre: 20,000 to 30,000 sq.ft. NLA
  - Retail space: 100,000 to 120,000 sq.ft. NLA
  - Proposed office tower: 500,000 to 600,000 sq.ft. NLA
  - Car park: More than 2,000 bays

BUSINESS STRATEGIES
- Realignment of shopfronts to increase space, exposure and rent
- Securing “winner” brands that will yield higher rents through additional turnover rents
- Improving footfall by targeting Gen Z consumers and interstate visitors through innovative marketing campaigns, collaborations and partnerships
- Identifying gaps in trade mix and replacing underperforming brands
- Forging sustainable landlord-tenant partnerships via regular meetings, engagements and relationship-building
- Promotion of pop-up stores/pushcarts with shorter-term tenancies for more flexible entry to fill up vacancies
TECHNOLOGICAL INNOVATIONS

Various digital transformation initiatives were implemented in FP2021, including shopper data analytics, a unified payment platform, cashless parking, smart toilets, and a RetailTECH App to improve the engagement process with business partners and increase tenant productivity.

Further initiatives will include:
- Licence Plate Recognition and Cashless Parking systems to ease queues
- A revamp of the mobile app improved user experience
- Continued provision and promotion of recycling facilities
- Ongoing replacement of light tubes with LEDs
- Ongoing installation of natural gas, solar panels and rainwater harvesting systems

MAIN BUSINESS CHALLENGES FACED DURING THE COVID-19 PANDEMIC

- Growth in e-commerce and food delivery changes in consumer preferences
- Defending occupancy, rent and reversionary rates
- Gaining shopper confidence by addressing public concerns about hygiene and safety
- Oversupply of retail space in the Klang Valley
- Pressure on rent collection and capital expenditure

PROSPECTS AND OUTLOOK

- Increased adoption of omnichannel strategies to complement physical/offline retail
- Increased focus on social, experiential and service-based offerings that will continue to be in demand despite the rise in e-commerce and food delivery apps
- Pent-up demand from “revenge spending” is expected in the near term, but longer-term recovery will depend on the gradual reopening of borders and resumption of international trade and travel
- A shift towards more agile, optimised and data-driven operations to mitigate risks from shorter tenancies and a softer outlook in rental reversions due to business uncertainties
- The trend of sizeable malls in vibrant townships with big population catchments and established brand recognition will continue to remain robust despite an increasingly competitive landscape with ample existing and incoming retail space

BUSINESS RECOVERY STRATEGIES

- Safety and Hygiene as a key brand image
- Sunway Pyramid Shopping Mall was the first in the country to only allow fully vaccinated shoppers for public safety and confidence — this precautionary measure was extended to all malls in our portfolio and is currently still in place
- Additional SOPs and safety measures across four main themes — enhanced screening and safety checks, intensified hygiene at premises, holistic education and training and heightened social distancing
- Installation of thermal scanners, contactless thermometers and UV sterilisers at concierges and sanitising stations at entrances, lifts and washrooms
- Social Distancing Officers to assist in managing queues and crowds
- Encouraging tenants to utilise crowd management measures such as assigning queue numbers and time slots for customers
- Retaining business partners through:
  - Adjusting rentals for non-essential tenants based on business sales performance and payment track record
  - Flexible operating hours of at least eight hours per day
  - A flexible rental repayment scheme
  - Waiver of interest on late rental payments for qualified tenants
  - Event, advertising, digital platform and social media support for retainers
  - Publicity shout-outs for newly opened flagship stores
  - Omnichannel marketing with Sunway eMalls platform and dedicated Online Order & Collect service as a safer and more convenient way for customers to shop, with F&B dine-in vouchers to encourage customers to use the service and visit the mall in the future
  - Value-added retailing collaborations such as exclusive sales for Sunway Pals members, free parking, free gifts and vouchers
  - Personalised shopping experience with pocket concierges, chatbots and mobile apps
  - Festive themes to attract footfall during holiday seasons, e.g. Christmas and Chinese New Year

PROSPECTS AND OUTLOOK

- Increased adoption of omnichannel strategies to complement physical/offline retail
- Increased focus on social, experiential and service-based offerings that will continue to be in demand despite the rise in e-commerce and food delivery apps
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- The trend of sizeable malls in vibrant townships with big population catchments and established brand recognition will continue to remain robust despite an increasingly competitive landscape with ample existing and incoming retail space
SUNWAY REIT

OPERATIONS REVIEW

SUNWAY PUTRA MALL

Occupancy as at 31 December 2021

Average Occupancy Rate

Percentages

96% 97% 97% 96% 95%

98% 97% 97% 96% 95%

Lease Expiry Schedule

Top Tenants (based on gross rental income of December 2021)

- Parkson Corporation Sdn Bhd (Parkson)
- CG Computers Sdn Bhd (Switch)
- Life Habitat Sdn Bhd (Skechers)
- Neoshine Sdn Bhd (Adidas)
- C.H.I. Fitness Sdn Bhd (C.H.I. Fitness)
- Golden Screen Cinemas Sdn Bhd (Golden Screen Cinemas)
- JD Sports Fashion Sdn Bhd (Kings of Trainers)
- Watson’s Personal Care Stores Sdn Bhd (Watsons)
- NFC Clothier Sdn Bhd (Nichii)
- Focus Point Vision Care Group Sdn Bhd (Focus Point)

Total Top 10 Tenants 31.7%

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SUNWAY CARNIVAL SHOPPING MALL

Occupancy as at 31 December 2021

Average Occupancy Rate

Percentages

95% 97% 97% 96% 95%

98% 97% 97% 96% 95%

Lease Expiry Schedule

Top Tenants (based on gross rental income of December 2021)

- Parkson Corporation Sdn Bhd (Parkson)
- CG Computers Sdn Bhd (Switch)
- Life Habitat Sdn Bhd (Skechers)
- Neoshine Sdn Bhd (Adidas)
- C.H.I. Fitness Sdn Bhd (C.H.I. Fitness)
- Golden Screen Cinemas Sdn Bhd (Golden Screen Cinemas)
- JD Sports Fashion Sdn Bhd (Kings of Trainers)
- Watson’s Personal Care Stores Sdn Bhd (Watsons)
- NFC Clothier Sdn Bhd (Nichii)
- Focus Point Vision Care Group Sdn Bhd (Focus Point)

Total Top 10 Tenants 31.7%

---

TENANT MIX – Based on Dec 2021 Gross Rental Income

- Fashion & footwear
- Food & beverages
- Departmental stores/Supermarket
- Leisure & entertainment
- Electronics
- Education & services
- Others

---

WEIGHTED AVERAGE LEASE EXPIRY (YEAR)

FY2022 FY2023 Monthly tenancy

17.9% 38.8% 30.6% 7.6%

FY2022 FY2023 Monthly tenancy

17.9% 38.8% 30.6% 7.6%

---

TENANT MIX – Based on Dec 2021 Net Lettable Area

- Fashion & footwear
- Food & beverages
- Departmental stores/Supermarket
- Leisure & entertainment
- Electronics
- Education & services
- Others

---

WEIGHTED AVERAGE LEASE EXPIRY (YEAR)

FY2022 FY2023 Monthly tenancy

17.9% 38.8% 30.6% 7.6%

FY2022 FY2023 Monthly tenancy

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INTRODUCTION TO TENANT MIX

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- Food & beverages
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SUNWAY REIT

Leadership That Drives Strategic Progress

Performance Review

How We Create Value

Sustainability Statement

A Framework Of Trust And Accountability

Financials

Additional Information
**Excludes Sunway Resort Hotel which was closed for refurbishment commencing July 2020 with expected phased reopening in 1H FY2022**

### Awards and Achievements/Key Milestones

**Sunway Pyramid Hotel**
- TripAdvisor Traveller’s Choice Award (2020 and 2021)
- Booking.com Traveller Review Award (2021)
- Clean & Safe Malaysia Certification (2020)
- Penang Lawan COVID-19 Certified (2020)

**Sunway Putra Hotel**
- Agoda Customer Review Award (2020 and 2021)
- Booking.com Traveller Review Award (2020 and 2021)
- Loved by Guests Award by Hotels.com (2020 and 2021)
- TripAdvisor Traveller’s Choice Award (2020)
- Best Travelers’ Experience by Travelpoka (2020)
- The Best Hotels of 2020 by KAYAK

**Sunway Hotel Georgetown & Sunway Hotel Seberang Jaya**
- TripAdvisor Traveller’s Choice Award (2020)
- Clean & Safe Malaysia Certification (2020)
- Penang Lawan COVID-19 Certified (2020)

**Sunway Clio Hotel**
- Agoda Customer Review Award (2021)
- Booking.com Traveller Review Award (2021)
- TripAdvisor Traveller’s Choice Award (2020 and 2021)

* Excludes Sunway Resort Hotel which was closed for refurbishment commencing July 2020 with expected phased reopening in 1H FY2022

### Sustainability Initiatives

#### Environment

- Lighting replacement programmes to install more energy-efficient LEDs
- Rainwater harvesting system to irrigate plants and for cleaning purposes
- Ongoing waste collection and segregation for composting where possible
- Recycling of cooking oil through FatHopes Energy to properly dispose of used cooking oil and reduce sewage pollution
- Innovative energy-savings solutions such as the implementation of solar panels as well as motion sensors in hallways to control lighting
- Replacement of existing single-use plastic amenities with sustainable, eco-friendly and natural products
- Planting a herb garden at Sunway Pyramid Hotel for fresh and organic, eco-friendly and natural products

#### Social

- Donation of drinking water to frontline police officers, Penang Prison and Seberang Jaya Prison
- Distribution of meals to vaccination centre (PPV) volunteers at Seberang Perai Arena Convention Centre and Putra World Trade Centre
- Distribution of 200 packets of Deepavali coconut candles to Yayasan Chow Kit, Pusat Kebajikan Mary and Shelter Home PJ
- Donation of 600 soft drinks to refugee and orphanage homes via What-A-Waste and Yayasan Sunbeams Home during Year-End Festival

#### SDG 2: Zero Hunger

- Distribution of 2,000 packets of bubur lambuk to the 840 community in Penang
- Donation of surplus food from buffet dinners to Kechara Soup Kitchen to help feed the homeless and urban poor in Malaysia
- Donation of pre-packed breakfasts and surplus food from staff cafeteria in partnership with What-A-Waste

#### SDG 12: Responsible Consumption and Production

- Donation of over 3,800 repurposed Soapful bars to underprivileged families, aid organisations, juvenile centres and prisons
- Recycling of used linen, blankets, pillows and towels in collaboration with Kloth Malaysia
- Donation of more than 200 items of furniture to orphanges in Selangor in partnership with the Selangor Youth Community (SIY), as well as flood victims in Pahang (February 2021)
- Recycled more than 13 tonnes of used cooking oil via FatHopes Energy between July 2020 and December 2021 across Sunway REIT hotel asset portfolio

### Main Business Challenges Faced during the COVID-19 Pandemic

In 2020 and 2021, the Hotel segment was adversely impacted by various phases of the MCO and NRP, as well as restrictions on international business and leisure travel. This presented a number of challenges, including:

- A decline in room occupancy rates and corporate bookings due to postponements or outright cancellations
- A decline in banqueting, events, meetings and functions due to social distancing norms and requirements
- A reduction in the capacity and service levels of hotels and their temporary closure due to MCO/NRP restrictions and business considerations

### Business Strategies in Responding to the COVID-19 Pandemic

Since the beginning of the pandemic, our hotel Business Unit Management Team has continued to implement the Contagious Disease Protocol and Business Continuity Plan to safeguard the health and safety of guests and staff.

- Prudent cost containment across all hotels, i.e. to only spend on essentials, with close monitoring
- Implementation of a rooms-only model at Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya that emphasises cleanliness, comfort, safety and effective rate positioning, while limiting hotel services such as housekeeping, laundry, reception and concierge
- Meticulous planning to reduce utility consumption, including the closure of floors, kitchens and freezers, dimming public area lighting and reduction of outlet operating hours
- Capitalising on government economic stimulus packages, including:
  - Deferral of monthly income tax instalments
  - Temporary exemption of levies payable to the Human Resources Development Fund (HRDF)
  - Exemption of service tax
  - Discounts on electricity tariffs
  - Personal income tax relief on domestic tourism-related expenditure for customers
  - Digital vouchers of up to RM100 per person for domestic flights, rail travel and hotel accommodation for all Malaysians

### Human Capital

- Optimisation of essential operations workforce (i.e. security, housekeeping, F&B, front office) to ensure the provision of permissible facilities and services
- Hotel management staff were encouraged to work from home or pre-schedule their work on-site with strict SOPs to protect their well-being

### Inventory Control

- Tightening of inventory policies, including review of all service contracts and agreements to actively seek deferrment of charges
PREVENTIVE MAINTENANCE

- Continued preventive maintenance work in back-of-house (associates) and guest-fronting areas (i.e. driveways, rooms, corridors, function rooms) in preparation for business recovery with the gradual reopening of borders
- Overhauling, resetting and testing of equipment (i.e. generators, lighting systems, AHUs) to ensure continued functionality

CAPITAL EXPENDITURE

- Deferral of non-critical capex to conserve cash flow without compromising the comfort and safety of guests

HEALTH AND SAFETY

- Sunway Clio Hotel served as quarantine centre for overseas returnees
- Training and preparation of staff to effectively manage any health incidents according to SOPs based on internationally recognised policies and benchmarked practices
- Ensuring commitment to social distancing guidelines and SOPs among guests and staff
- Provision of basic health and safety kits, including face masks and hand sanitisers to guests and staff
- Social distancing seating arrangements for meeting events
- Individual packed meals to replace conventional catering services

PROSPECTS AND OUTLOOK

- With the nationwide transition to Phase 4 of the NRP, the hospitality sector is expected to benefit from pandemic demand for domestic leisure travel and staycations, as well as reduced competition due to the closure of some hotels across the country
- Corporate bookings and MICE will also gain traction in line with economic recovery
- However, the longer-term trend will depend on the reopening of borders, normalisation of international trade and travel and reinstatement of full operating capacity, which may be affected by new variants and the global pandemic situation beyond Malaysia
- Hotels in mixed-use developments will potentially benefit from package deals and inter-asset synergies, while stand-alone hotels may adopt leaner and more agile strategies such as a rooms-only model to reduce costs while maintaining profitability in a challenging market environment
- A continued emphasis on hygiene, health and safety, as well as compliance with strict SOPs, will be key to alleviating fears of travelling
- Government stimulus programmes provide some degree of support but cost containment measures remain important to cushion the business and financial impact of the pandemic
- Strategically timed promotions will be important to attract guests and boost occupancy without compromising service quality
- The lull in business activity during the MCO and NRP presented opportunities for hotels to undertake AEI to better capitalise on post-pandemic recovery
- Overall, headwinds persist but the Manager remains hopeful while continuing to monitor and adapt based on the evolving situation

PROPERTY KPIs

<table>
<thead>
<tr>
<th>Average Occupancy Rate</th>
<th>Guest Profile by Room Revenue (FP2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunway Resort Hotel</td>
<td></td>
</tr>
<tr>
<td>FY2017: 57%</td>
<td>Leisure: 38.2%</td>
</tr>
<tr>
<td>FY2018: 71%</td>
<td></td>
</tr>
<tr>
<td>FY2019: 68%</td>
<td></td>
</tr>
<tr>
<td>FY2020: 59%</td>
<td></td>
</tr>
<tr>
<td>FY2021: 29%</td>
<td></td>
</tr>
</tbody>
</table>

- Sunway Resort Hotel was closed for refurbishment commencing July 2020 with expected phased reopening in 1H FY2022.

- Sunway Pyramid Hotel
  - Average occupancy rate for the years indicated.
  - Leisure: 61.8%
  - Corporate: 38.2%

- Sunway Hotel Seberang Jaya
  - Average occupancy rate for the years indicated.
  - Leisure: 74.4%
  - Corporate: 22.6%

- Sunway Putra Hotel
  - Average occupancy rate for the years indicated.
  - Leisure: 98.5%
  - Corporate: 1.5%

- Sunway Hotel Georgetown
  - Average occupancy rate for the years indicated.
  - Leisure: 95.2%
  - Corporate: 4.8%
MEGATRENDS IN THE OFFICE SEGMENT

- Continued oversupply of existing and incoming office floor space with increased competition in the city centre
- Closure of businesses due to various phases of the MCO and NRP and longer-term socio-economic/technological disruptions
- Increased adoption of Work-from-Home (WFH) and Work-from-Anywhere (WFA) arrangements
- A shift in demand towards shorter tenancies, pre-fitted units and flexible workspaces (i.e. co-working) with high-speed internet connectivity
- Relocations from older office spaces in central business districts (CBDs) to newer, tech-enabled buildings in suburban/satellite population catchments and transit-oriented developments (TODs)

SUSTAINABILITY INITIATIVES

Our primary goal is to have 40% of office waste diverted from landfills by 2030, through:

- Recycling used fabrics in collaboration with Kloth Malaysia
- Elimination of single-use plastics within offices
- A food waste composting machine
- Paper and e-waste recycling programmes

BUSINESS STRATEGIES

- Targeted cold calling
- Exploration of the new trend of co-working
- Cross-selling and following up on existing tenants’ expansion plans across the office portfolio
- Virtual office tours for the convenience of prospects
- Search, Engine Optimisation (SEO) and enhanced webpage content

OPERATIONS REVIEW

FACILITY ENHANCEMENTS ACROSS SUNWAY REIT OFFICE SEGMENT PORTFOLIO

MENARA SUNWAY

Completed:
- Licence Plate Recognition (LPR) system
- Improvement of Sunway Community apps

Planned:
- Replacement of basement fire tank

THE PINNACLE SUNWAY

Completed:
- LPR system
- Improvement of Sunway Community apps
- Installation of HVAC combination filters and air cleaners, achieving MERV 14 performance and complying with ASHRAE Indoor Air Quality guidelines
- New epoxy painting works at car parks

Planned:
- Gym and alfresco dining

SUNWAY PUTRA TOWER

Completed:
- Water tank cleaning
- Energy-saving LED lights at staircase and lift lobby

Planned:
- Replacement of elevators
- Magnetic fire doors for tenant lots
- Independent control valve in every AHU room
- Hand dryers in all common toilets to reduce paper wastage
SUNWAY REIT

OPERATIONS REVIEW

SUNWAY TOWER

Completed:
- Water tank cleaning
- KERB parking system to generate additional income
- Energy-saving LED lights at indoor parking ramp and lift lobby

Planned:
- Washroom exhaust fan upgrading
- Inline cabinet fresh air fan to improve air quality
- Sunway XFarms (Urban Farming) at Levels 7, 8 and 9
- Food trucks to serve tenants and community

Wisma Sunway

Completed:
- Energy-saving LED lights at indoor parking ramp and car park
- KERB parking system for easy payment
- Replacement of AHU motorised valve
- Sunway XFarms (Urban Farming) at Levels 7, 8 and 9

Planned:
- Canopy at ingress and egress points to provide shelter from rain
- Touch 'n Go as additional payment gateway

BUSINESS STRATEGIES IN RESPONDING TO THE COVID-19 PANDEMIC

Sunway REIT aims to maintain continuous operations across all office buildings in a safe and orderly manner for all stakeholders, including tenants, visitors and staff. As such, the Prevention, Preparedness, Response & Recovery model has been adopted, with the following objectives and action plans:

- Prevention, Preparedness, Response & Recovery model has been adopted, with the following objectives and action plans:
- Regular checks of building ventilation to ensure proper functioning to maintain a healthy work environment
- Regular cleaning and sanitisation of high-risk areas
- Daily replenishment of hand sanitisers, handwash containers and other essential cleaning agents
- Markers and stickers in confined spaces and queueing areas to ensure social distancing practices are exercised
- Thermal cameras and temperature screening infrastructure installed at all entrances/exits
- Continuous monitoring and reduction of chiller operations installed at all entrances/exits

PROSPECTS AND OUTLOOK

The Office segment was generally less affected by the pandemic due to the resilience of Sunway REIT’s mainly corporate and government tenants which remained financially robust and operational during the movement restriction periods via WFH and WFA arrangements.

SME tenants were also supported by the government through various economic stimulus packages. However, in the longer term, WFH, WFA and hybrid work arrangements may lead to a reduction in space requirements, decentralisation from expensive CBDs to suburbs and satellite cities and a shift towards shorter and more flexible tenancies.

The extent of these megatrends will depend on the post-pandemic corporate culture in Malaysia, where office rents and support services to enable staff to continue working from home.

The demand for strategic locations such as transit-oriented developments with access to high population catchments and professional talent pools will likely remain resilient despite increasing competition in city centres.

Health, hygiene and safety, as well as compliance with strict SOPs, will remain key in attracting tenants and restoring employee confidence to ensure smooth business operations.

Overall, the Manager expects the Office segment within Sunway REIT’s asset portfolio to remain stable in FY2022.
### SUNWAY TOWER

**Occupancy as at 31 December 2021**

<table>
<thead>
<tr>
<th>Average Occupancy Rate</th>
<th>23%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017</td>
<td>21%</td>
</tr>
<tr>
<td>FY2018</td>
<td>21%</td>
</tr>
<tr>
<td>FY2019</td>
<td>20%</td>
</tr>
<tr>
<td>FY2020</td>
<td>33%</td>
</tr>
<tr>
<td>FY2021</td>
<td>32%</td>
</tr>
</tbody>
</table>

**Tenant Mix – Based on Dec 2021 Gross Rental Income**

- Consultancy: 19.7%
- Technology: 73.5%
- Others: 7.8%

**Lease Expiry Schedule (expiring tenancies as % of total NLA)**

- FY2022: 16.0%
- FY2023: 5.4%
- FY2024: 1.1%
- FY2025 and beyond: 23.2%

**Tenant Mix – Based on Dec 2021 Net Lettable Area**

- Consultancy: 19.5%
- Technology: 74.0%
- Others: 6.5%

**Top Tenants (based on gross rental income of December 2021)**

<table>
<thead>
<tr>
<th>Tenant Name</th>
<th>Rental Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>YVIC Holdings Sdn Bhd</td>
<td>31.6%</td>
</tr>
<tr>
<td>VPO Services Sdn Bhd</td>
<td>10.5%</td>
</tr>
<tr>
<td>Iconectix Sdn Bhd</td>
<td>9.4%</td>
</tr>
<tr>
<td>RT International Malaysia Sdn Bhd</td>
<td>12.1%</td>
</tr>
<tr>
<td>ZJ Advisory Sdn Bhd</td>
<td>9.8%</td>
</tr>
<tr>
<td>Etech Drilling Solution Sdn Bhd</td>
<td>5.5%</td>
</tr>
<tr>
<td>Pimpinan Ehsan Berhad</td>
<td>5.0%</td>
</tr>
<tr>
<td>ASF Business Advisory Sdn Bhd</td>
<td>1.4%</td>
</tr>
<tr>
<td>Maxis Broadband Sdn Bhd</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

**Weighted Average Lease Expiry (year)**: 0.74

### SUNWAY PUTRA TOWER

**Occupancy as at 31 December 2021**

<table>
<thead>
<tr>
<th>Average Occupancy Rate</th>
<th>83%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017</td>
<td>37%</td>
</tr>
<tr>
<td>FY2018</td>
<td>50%</td>
</tr>
<tr>
<td>FY2019</td>
<td>82%</td>
</tr>
<tr>
<td>FY2020</td>
<td>86%</td>
</tr>
<tr>
<td>FY2021</td>
<td>83%</td>
</tr>
</tbody>
</table>

**Tenant Mix – Based on Dec 2021 Gross Rental Income**

- Consultancy: 9.1%
- Technology: 88.2%
- Government agency: 1.2%
- Banking: 1.2%
- Communication: 88.8%
- Medical: 1.3%

**Lease Expiry Schedule (expiring tenancies as % of total NLA)**

- FY2022: 26.4%
- FY2023: 34.4%
- FY2024: 13.2%
- FY2025 and beyond: 8.8%

**Tenant Mix – Based on Dec 2021 Net Lettable Area**

- Consultancy: 2.2%
- Technology: 74.6%
- Government agency: 1.1%
- Banking: 1.1%
- Communication: 19.7%
- Medical: 2.8%

**Top 10 Tenants (based on gross rental income of December 2021)**

<table>
<thead>
<tr>
<th>Tenant Name</th>
<th>Rental Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jabatan Kerja Raya (JKR)</td>
<td>34.0%</td>
</tr>
<tr>
<td>Kementerian Perdagangan Dalam Negeri Koperni dan Kepenggunaan Malaysia (KPDNKK)</td>
<td>12.2%</td>
</tr>
<tr>
<td>CIDB Malaysia</td>
<td>12.1%</td>
</tr>
<tr>
<td>United Overseas Bank (Malaysia) Bhd</td>
<td>8.5%</td>
</tr>
<tr>
<td>Jabatan Perdana Menteri (ICU)</td>
<td>6.1%</td>
</tr>
<tr>
<td>Cradle Fund Sdn Bhd</td>
<td>4.3%</td>
</tr>
<tr>
<td>Construction Research Institute of Malaysia (CREAM)</td>
<td>3.7%</td>
</tr>
<tr>
<td>Permandu Associates Sdn Bhd</td>
<td>8.8%</td>
</tr>
<tr>
<td>Raffcomm Sdn Bhd</td>
<td>0.8%</td>
</tr>
<tr>
<td>Yayasan Ihsan Rakyat</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

**Total Top 10 Tenants**: 97.5%

**Weighted Average Lease Expiry (year)**: 1.25

**Note**: The table and chart data are based on the integrated annual report of Sunway Reit for the year 2021.
### WISMA SUNWAY

**Occupancy as at 31 December 2021**

- **100%**

**Average Occupancy Rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Tenant Mix – Based on Dec 2021 Gross Rental Income**

- 96.8%

**Tenant Mix – Based on Dec 2021 Net Lettable Area**

- 97.0%

**Lease Expiry Schedule (expiring tenancies as % of total NLA)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Lettable Area</td>
<td>3.0%</td>
<td>3.0%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Gross Rental Income</td>
<td>18.3%</td>
<td>27.3%</td>
<td>22.4%</td>
</tr>
</tbody>
</table>

**Average Occupancy Rate**

- 87%

**Tenant Mix – Based on Net Lettable Area**

- 50.7%

**Top Tenants** (based on gross rental income of December 2021)

- Jabatan Kesihatan Negeri Selangor (JKNS)
- Jabatan Alam Sekitar (JAS)
- Lembaga Hasil Dalam Negeri (LHDN)
- Majlis Tindakan Pelancongan Negeri (MTPN) Selangor
- SM Centre (MYS) Sdn Bhd

- Jabatan Kesihatan Negeri Selangor (JKNS): 50.7%
- Jabatan Alam Sekitar (JAS): 24.2%
- Lembaga Hasil Dalam Negeri (LHDN): 10.4%
- Majlis Tindakan Pelancongan Negeri (MTPN) Selangor: 5.5%
- SM Centre (MYS) Sdn Bhd: 3.2%

**Weighted Average Lease Expiry (year)**

- 1.47

---

### THE PINNACLE SUNWAY

**Occupancy as at 31 December 2021**

- **96%**

**Average Occupancy Rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>97%</td>
<td>97%</td>
<td>99%</td>
<td>100%</td>
<td>97%</td>
</tr>
</tbody>
</table>

**Tenant Mix – Based on Dec 2021 Gross Rental Income**

- 26.8%

**Tenant Mix – Based on Dec 2021 Net Lettable Area**

- 27.3%

**Lease Expiry Schedule (expiring tenancies as % of total NLA)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Lettable Area</td>
<td>3.0%</td>
<td>3.0%</td>
<td>18.3%</td>
</tr>
<tr>
<td>Gross Rental Income</td>
<td>18.4%</td>
<td>21.4%</td>
<td>22.4%</td>
</tr>
</tbody>
</table>

**Average Occupancy Rate**

- 87%

**Tenant Mix – Based on Net Lettable Area**

- 64.6%

**Top Tenants** (based on gross rental income of December 2021)

- Roche Services (Asia Pacific) Sdn Bhd: 12.8%
- Maxis Mobile Sdn Bhd: 11.2%
- Ericsson (Malaysia) Sdn Bhd: 7.1%
- Lodging Partner Travel (M) Sdn Bhd: 6.7%
- Johnson & Johnson Sdn Bhd: 6.5%
- Evonik Malaysia Sdn Bhd: 6.4%
- Accenture Solution Sdn Bhd: 6.4%
- Huntsman Global Business Services Sdn Bhd: 4.8%
- Linde Malaysia Sdn Bhd: 4.7%
- Hitachi Sunway Information Systems Sdn Bhd: 4.6%

**Weighted Average Lease Expiry (year)**

- 1.83
Despite challenging market conditions, the stable long-term master leases of Services and Industrial & Others assets contributed consistent and sustainable income for Sunway REIT with steady rental reversions for years to come.

**Prospects and Outlook**

**Healthcare** is an essential and emerging asset class which remains operational during the pandemic. Demand is expected to remain resilient due to:

- Aging population
- Increased demand for high quality private healthcare
- Increased health awareness as a result of the global pandemic
- Potential recovery in medical tourism with reopening of international borders

**Education** is a defensive, evergreen asset class with mid to long term growth supported by:

- Increased demand for high quality private tertiary education
- Increased focus on knowledge economy and professional workforce
- Potential recovery in international student enrolment with reopening of borders

**Industrial** is a sunrise asset class with long-term growth potential:

- Factories and manufacturing facilities continue to be in demand, especially in higher value industries
- Warehouses and logistics centres are increasingly sought after due to the adoption of e-commerce and globalisation of supply chains

Overall, the robust performance and long-term growth of our lessees in the Services and Industrial & Others segments contribute to the continued stability and positive rental reversions of the master leases with Sunway REIT.

As such, in line with TRANSCEND 2027, the Manager continues to actively explore local, regional and international opportunities in the Services and Industrial & Others segments to diversify Sunway REIT’s income base and capitalise on long-term megatrends in education, healthcare, logistics, data centres and high-value manufacturing.

The Manager targets to expand the Services and Industrial & Others segments to comprise 20% - 30% of Sunway REIT’s property value in the next 5 years.
KEY OPERATING INFORMATION

RENTAL RENEWALS

Average rental reversion decreased in FP2021 for the portfolio’s 2,277,077 sq. ft. of new or renewed tenancies during the financial period. This was due to the decrease in rental rate for the renewals at Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall, Sunway Putra Mall and Menara Sunway, partially offset by the increase in rental rate for the renewals at Sunway Tower, Sunway Putra Tower, Wisma Sunway and The Pinnacle Sunway.

The Retail segment renewed or secured new tenants for 1,417,163 sq. ft. (FY2020: 1,478,807 sq. ft.) with a renewal rate of 96.9% (FY2020: 91.3%) of total space due for renewal. The Office segment managed to renew 859,914 sq. ft. including The Pinnacle Sunway (FY2020: 186,286 sq. ft.) or 93.8% (FY2020: 98.9%) of total space due for renewal.

Sunway REIT will continue to work with our Business Unit Management Teams to implement proactive strategies to defend, recover and grow rental rates in the post-COVID-19 new normal.

LEASE EXPIRY PROFILE AND LEASE STRUCTURE

The weighted average lease expiry (WALE) as at financial period end was 4.36 years (FY2020: 5.94 years), taking into account the acquisition of The Pinnacle Sunway on 20 November 2020 and the newly renewed hotel master leases of Sunway Putra Hotel (effective 8 July 2020) and Sunway Hotel Seberang Jaya (both leases effective 8 July 2020) for another 10 years.

Please refer to Property Details section for details of new terms and conditions of the renewed hotel master leases.

The portfolio has 21.4%, 16.1% and 58.0% of NLA expiring in FY2022, FY2023 and FY2024 and beyond, respectively. The majority of the tenancies are 3-year tenancies with renewal option for another 3-year term, subject to renewal at market rates. Certain anchor tenants or major tenants have the option to renew their tenancies for 4 terms of 3 years each. Included in the tenancies expiring in FP2021 are monthly tenancies occupying 0.9% (FY2020: 0.3%) of the total space.

Master leases represent 96.9% of the total space of the portfolio.

The expiries of master leases are as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Expiry of First Term</th>
<th>Expiry of Second Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunway Medical Centre (Tower A &amp; B)</td>
<td>December 2022</td>
<td></td>
</tr>
<tr>
<td>Sunway Hotel Georgetown</td>
<td>January 2025</td>
<td></td>
</tr>
<tr>
<td>Sunway Clio Hotel</td>
<td>February 2028</td>
<td></td>
</tr>
<tr>
<td>Sunway REIT Industrial – Shah Alam 1</td>
<td>December 2034</td>
<td></td>
</tr>
<tr>
<td>Sunway university &amp; college campus</td>
<td>November 2048</td>
<td></td>
</tr>
<tr>
<td>Sunway Resort Hotel, Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya</td>
<td>July 2030</td>
<td></td>
</tr>
<tr>
<td>Sunway Putra Hotel</td>
<td>September 2030</td>
<td></td>
</tr>
</tbody>
</table>

The weighted average lease expiry (WALE) for the respective segments:

- **WALE (No. of Years)** of the respective segments:
  - Retail: 0.96
  - Hotel: 8.25
  - Office: 1.73
  - Services: 17.82
  - Industrial & Others: 13.00

<table>
<thead>
<tr>
<th>Property</th>
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<th>Expiry of Second Term</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
</tr>
<tr>
<td>Sunway Putra Hotel</td>
<td>September 2030</td>
<td></td>
</tr>
</tbody>
</table>

TRADE SECTOR ANALYSIS

Sunway REIT’s diverse tenant mix trade in a wide range of sectors. The top three trade mix for the retail properties are fashion & footwear, followed by others (which comprises various trades such as gifts, pharmaceutical, optical, etc.) and food & beverages. For office properties, the top three sectors are communication & technology, government agency and others (which comprises various trades such as retail, leisure, leasing, etc.).
PROPERTY DEVELOPMENT ACTIVITIES AND ASSET ENHANCEMENT INITIATIVES

PROPERTY DEVELOPMENT ACTIVITIES - APPROXIMATELY RM700 MILLION* INCURRED SINCE IPO

1. Expansion of Sunway Carnival Shopping Mall

Sunway REIT will soon complete the expansion of Sunway Carnival Shopping Mall, comprising nine storeys of retail space and seven levels of car park which began since 3Q FY2018 (Phase 1) to increase the mall’s total NLA to approximately 840,000 sq.ft.

The opening of the expansion, slated for 2Q FY2022, is expected to transform the retail scene in Mainland Penang with an enhanced tenancy mix of regional and international retail brands. Upon completion of Phase 1, the existing wing will also be refurbished (Phase 2) to synchronise with the overall concept of the mall.

<table>
<thead>
<tr>
<th>Phase 1 Description</th>
<th>Estimated total development cost</th>
<th>Target completion</th>
<th>NLA</th>
<th>Project objectives</th>
<th>Sustainability features</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM436 million</td>
<td>2Q FY2022</td>
<td>Approximately 350,000 sq.ft. of new additional space</td>
<td>To enhance breadth and depth of tenancy mix in line with evolving lifestyle demands of shoppers</td>
<td>Rainwater harvesting system, Electric car charging stations, Volatile organic compound (VOC)-free paint, LED lighting, High-efficiency chiller, Low-E glass to reduce heat penetration for East- and West-facing façades, Rooftop solar panels, Ticketless carpark system, Natural gas piping and system ready for future usage, High water efficiency sanitary wares and fittings</td>
</tr>
<tr>
<td>Current progress of construction work</td>
<td>Above 85% completion as at 31 December 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeted Green Building Certification</td>
<td>GreenRE - Gold, GreenMark - Gold</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Refurbishment of Sunway Resort Hotel

Sunway REIT will soon complete the refurbishment of Sunway Resort Hotel to modernise its offerings with technology-enhanced features and family-friendly amenities, further elevating the guest experience at our flagship hotel in Sunway City.

Infusing value-added practicality and refined splendour, the refurbished hotel will feature 460 rooms, fiber-optic lit landscaped pools with underwater speakers, extensive family and wellness facilities, and the world-renowned Gordon Ramsay Bar & Grill - the multi-Michelin starred chef’s first-ever restaurant in Malaysia.

Aside from refreshing essential physical infrastructure, a comprehensive digital transformation will also take place, offering a bold, glamorous, and interconnected vision for the future. From contactless check-in and payment systems at the reception, to keyless room entry, wireless charging, IPTV, electronic bidets, and ambiance setting in the rooms, the refurbished Sunway Resort Hotel will offer unparalleled guest experience, comfort, convenience, and prestige.

In line with Sunway’s firm commitment to sustainability, many of the high-tech upgrades, such as advanced air-conditioning systems, solar panels and motion-sensor LED lighting will further improve the hotel’s energy efficiency. Plastic bags have been discontinued and an urban hydroponic farm by Sunway XFarms will supply healthy, fresh produce to the hotel’s restaurants.

Enhanced guestrooms are expected to reopen upon completion of Phase 1, followed by a Family Club Lounge, new gym room, kids’ club and an outdoor kids water play-land and remaining guestrooms upon completion of Phase 2.

<table>
<thead>
<tr>
<th>Phases 1 &amp; 2 Description</th>
<th>Estimated total refurbishment cost</th>
<th>Target completion</th>
<th>Main scope of work</th>
<th>Targeted Green Building Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM260 million</td>
<td>Phase 1: 1H FY2022 (above 75% completion as at 31 December 2021)</td>
<td>Phase 1 (Levels 1, 9 to 21) Family Club Lounge, Fuzion restaurant, car park repaint and epoxy flooring</td>
<td>GreenRE - Gold, GreenMark - Gold</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Phase 2: 2H FY2022</td>
<td>Phase 2 (Levels 1 to 8) Guestrooms and corridors, new gym room, Level 5 kids’ pool and landscape, Family Club Lounge, Fuzion restaurant, car park repaint and epoxy flooring</td>
<td></td>
</tr>
</tbody>
</table>

* Inclusive of provisional contracted sum
MARKET REPORT

ECONOMIC OVERVIEW

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>2021</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth</td>
<td>-5.6%</td>
<td>3.1%</td>
<td>The enforcement of various movement control measures such as domestic and international travel restrictions, as well as the prohibition of operations for contact-intensive service industries, have affected most economic sectors. Nevertheless, the effectiveness of the vaccination roll-out, coupled with the reopening of the economy, is believed to be able to gradually lift economic growth.</td>
</tr>
<tr>
<td>Consumer Price Index (CPI)</td>
<td>-1.2%</td>
<td>2.5%</td>
<td>Headline inflation turned negative in 2020 (2019: 0.7%) mainly due to the substantially lower global oil prices. Headline inflation rate was elevated in 2021 due to sustained domestic demand along with the gradual resumption of economic activities.</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.5%</td>
<td>4.6%</td>
<td>Continuous resumption of more economic, social and recreational activities enabled the labour force situation to remain relatively stable in 2021.</td>
</tr>
<tr>
<td>Overnight Policy Rate (OPR)</td>
<td>1.75%</td>
<td>1.75%</td>
<td>Bank Negara Malaysia (BNM) maintained OPR at 1.75% after the final Monetary Policy Committee meeting in November 2021, taking into account that risks to Malaysia’s economic growth outlook remained tilted to the downside on external and domestic factors amidst lingering pandemic concerns.</td>
</tr>
</tbody>
</table>

Source: Bank Negara Malaysia, Ministry of Finance

RETAIL MARKET OVERVIEW

The retail industry has been heavily impacted by the COVID-19 outbreak since 2020. With a 16.3% contraction in retail sales recorded in 2020, it was one of the sector’s worst performances recorded in two decades. Footfall at the malls saw a significant drop during the various phases of MCO as shoppers were cautious in their spending besides being concerned about COVID-19 infection. For 2021, Retail Group Malaysia (RGM) forecasted a full-year retail industry sales growth of 0.5% for the country, expecting the industry to gain momentum in its recovery by the end of the year. In the same way, RGM projected a 6% growth in Malaysia’s retail sales for 2022 as the country’s retail industry looks forward to recovery from the impact of pandemic-driven movement restrictions that have been in place for almost two years.

Average Occupancy Rates of Retail Centres

<table>
<thead>
<tr>
<th>Centre</th>
<th>2019</th>
<th>2020</th>
<th>2021 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kuala Lumpur</td>
<td>82.0%</td>
<td>82.4% in 2019</td>
<td>82.1% in 2019</td>
</tr>
<tr>
<td>Selangor</td>
<td>80.0%</td>
<td>82.1% in 2019</td>
<td>82.3% in 2021</td>
</tr>
<tr>
<td>Penang</td>
<td>72.8%</td>
<td>73.6% in 2019</td>
<td>85.2%</td>
</tr>
</tbody>
</table>

Source: Retail Group Malaysia (RGM) Source: Malaysian Institute of Economic Research (MIER)
SUPPLY OF RETAIL SPACE

KUALA LUMPUR

The cumulative supply of retail space in Kuala Lumpur currently stands at approximately 29.15 million sq.ft. The bulk of retail supply comes from KL Fringe with about 18.37 million sq.ft. (63.0%), while KL City accounts for the remaining 10.77 million sq.ft. of space (37.0%).

Figure 1.4: Retail Centres/Retail Components in Kuala Lumpur Scheduled for Completion/Opening, 2H 2021 and 1H 2022

<table>
<thead>
<tr>
<th>Name of Development</th>
<th>Location</th>
<th>Estimated NLA (sq.ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pavilion Bukit Jalil</td>
<td>Bukit Jalil</td>
<td>2H 2021, 1,800,000</td>
</tr>
<tr>
<td>Retail Component of Lot 91 @ KLCC</td>
<td>KLCC</td>
<td>1H 2022, 73,000</td>
</tr>
<tr>
<td>Mitsui Shopping Park Lallaport</td>
<td>Bukit Bintang</td>
<td>1H 2022, 840,000</td>
</tr>
<tr>
<td>The Exchange TRX</td>
<td>TRX</td>
<td>1H 2022, 1,300,000</td>
</tr>
<tr>
<td>118 Mall</td>
<td>City Centre</td>
<td>1H 2022, 1,000,000</td>
</tr>
<tr>
<td>Pavilion Damansara Heights</td>
<td>Damansara Heights</td>
<td>1H 2022, 1,170,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>6,183,000</td>
</tr>
</tbody>
</table>

Figure 1.3: Cumulative Supply of Retail Space in Kuala Lumpur, 2016 to 1H 2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Existing Supply (million sq.ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>30.16</td>
</tr>
<tr>
<td>2017</td>
<td>30.32</td>
</tr>
<tr>
<td>2018</td>
<td>30.57</td>
</tr>
<tr>
<td>2019</td>
<td>31.95</td>
</tr>
<tr>
<td>2020</td>
<td>33.42</td>
</tr>
<tr>
<td>2021</td>
<td>33.87</td>
</tr>
</tbody>
</table>

Source: Knight Frank Research

Pavilion Bukit Jalil, which opened on 3 December 2021, added around 1.8 million sq.ft. of space to the existing retail stock. Together with another four upcoming retail developments in KL City and one in KL Fringe, the stock of retail space will increase by about 6.183 million sq.ft. by 1H 2022.

Figure 1.2: Retail Centres/Retail Components in Selangor Scheduled for Completion/Openning in 1H 2022

<table>
<thead>
<tr>
<th>Name of Development</th>
<th>Location</th>
<th>Estimated NLA (sq.ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Component of Pacific Star</td>
<td>Petaling Jaya</td>
<td>240,000</td>
</tr>
<tr>
<td>Retail Component of Datum Jelatek</td>
<td>Ampang</td>
<td>326,000</td>
</tr>
<tr>
<td>EcoHill Walk Mall</td>
<td>Semenyih</td>
<td>170,000</td>
</tr>
<tr>
<td>KSL Esplanade Mall</td>
<td>Klang</td>
<td>650,000</td>
</tr>
<tr>
<td>IOI City Mall Phase 2</td>
<td>Putrajaya</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,386,000</td>
</tr>
</tbody>
</table>

Source: Knight Frank Research

SUPPLY OF RETAIL SPACE

SELANGOR

The cumulative supply of retail space in Selangor stood at around 33.87 million sq.ft. as of 1H 2021, following the completion of Setia City Mall Phase 2 with approximately 450,000 sq.ft. of net lettable area (NLA).

Figure 1.1: Cumulative Supply of Retail Space in Selangor, 2016 to 2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Existing Supply (million sq.ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>30.16</td>
</tr>
<tr>
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<td>33.42</td>
</tr>
<tr>
<td>2021</td>
<td>33.87</td>
</tr>
</tbody>
</table>

Source: Knight Frank Research

Amid the challenging retail climate due to the prolonged pandemic, the scheduled completion and opening of five incoming retail developments were delayed to 1H 2022. Collectively, these retail developments will add about 2.386 million sq.ft. of space to the state’s existing retail stock.

Figure 1.2: Retail Centres/Retail Components in Selangor Scheduled for Completion/Openning in 1H 2022

<table>
<thead>
<tr>
<th>Name of Development</th>
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</tr>
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<td>IOI City Mall Phase 2</td>
<td>Putrajaya</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,386,000</td>
</tr>
</tbody>
</table>

Source: Knight Frank Research
DEMAND FOR RETAIL SPACE

SELANGOR

In 1H 2021, the lower band of rental rates of selected shopping centres in Selangor ranged from about RM4.12 per sq.ft. to RM25.00 per sq.ft. per month, while the rental rates in the upper band were from RM8.40 per sq.ft. to RM50.00 per sq.ft. per month. The rental rates depend on the size of occupied space, floor level, unit orientation and other value factors.

Figure 1.6: Rental Levels of Retail Space in Selected Shopping Centres in Selangor, 2019 to 1H 2021

<table>
<thead>
<tr>
<th>Shopping Centre Location</th>
<th>Floor Level</th>
<th>Floor Area (sq.ft.)</th>
<th>Rental Range (RM per sq.ft./month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Utama Bandar Utama</td>
<td>Lower Ground</td>
<td>323 – 1,981</td>
<td>11.88 – 36.74 11.88 – 36.74 12.00 – 50.00</td>
</tr>
<tr>
<td></td>
<td>Ground</td>
<td>1,345 – 2,669</td>
<td>19.50 – 35.00 19.50 – 35.00 14.00 – 34.00</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>560 – 1,378</td>
<td>18.70 – 34.10 18.70 – 34.10 13.00 – 37.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>463 – 1,830</td>
<td>19.00 – 22.00 19.00 – 22.00 7.00 – 31.00</td>
</tr>
<tr>
<td>The Mines Seri Kembangan</td>
<td>1 (Fashion)</td>
<td>172 – 1,647</td>
<td>10.00 – 20.69 10.41 – 20.69 10.41 – 20.69</td>
</tr>
<tr>
<td></td>
<td>1 (Food)</td>
<td>560 – 1,604</td>
<td>7.15 – 17.80 7.50 – 17.80 7.50 – 17.80</td>
</tr>
<tr>
<td></td>
<td>2 (Fashion)</td>
<td>667 – 2,099</td>
<td>8.00 – 17.85 8.30 – 17.85 8.30 – 17.85</td>
</tr>
<tr>
<td></td>
<td>3 (Fashion)</td>
<td>786 – 1,830</td>
<td>5.40 – 8.40 5.40 – 8.40 5.40 – 8.40</td>
</tr>
<tr>
<td></td>
<td>3 (Food)</td>
<td>474 – 3,907</td>
<td>5.85 – 14.77 5.85 – 14.77 5.85 – 14.77</td>
</tr>
<tr>
<td></td>
<td>3 (Others)</td>
<td>775</td>
<td>23.85</td>
</tr>
<tr>
<td>IOI City Mall Putrajaya</td>
<td>LG (East/Wing)</td>
<td>366 – 1,313</td>
<td>17.19 – 21.89 17.19 – 33.00 17.00 – 37.00</td>
</tr>
<tr>
<td></td>
<td>LG (Centre Court)</td>
<td>344 – 3,143</td>
<td>21.19 – 45.18 21.19 – 45.18 25.00 – 44.00</td>
</tr>
<tr>
<td></td>
<td>G (East Entrance)</td>
<td>861 – 5,974</td>
<td>6.00 – 22.19 6.00 – 22.19 4.13 – 26.00</td>
</tr>
<tr>
<td></td>
<td>G (Centre Court)</td>
<td>1,076 – 2,809</td>
<td>10.20 – 14.94 9.75 – 18.00 9.00 – 18.00</td>
</tr>
<tr>
<td></td>
<td>L1 (East/Wing)</td>
<td>1,539 – 2,508</td>
<td>8.20 – 9.70 7.50 – 12.00 7.50 – 12.00</td>
</tr>
<tr>
<td></td>
<td>L1 (Centre Court)</td>
<td>549 – 1,615</td>
<td>17.69 – 43.18 17.69 – 43.18 15.50 – 43.00</td>
</tr>
<tr>
<td></td>
<td>L1 (West/Wing)</td>
<td>462 – 3,832</td>
<td>9.40 – 10.50 9.40 – 10.50 5.00 – 16.00</td>
</tr>
<tr>
<td></td>
<td>L2 (Centre Court)</td>
<td>464 – 1,163</td>
<td>20.19 – 32.19 18.50 – 32.19 18.00 – 32.19</td>
</tr>
<tr>
<td></td>
<td>L2 (West/Wing)</td>
<td>484 – 1,023</td>
<td>17.19 – 22.19 17.19 – 22.19 16.00 – 22.19</td>
</tr>
</tbody>
</table>

Source: NAPIC/Knight Frank Research

MARKET REPORT

PENANG

As of 2Q 2021, the total existing retail space in Penang stood at 13.4 million sq.ft., of which 67.7% (9.1 million sq.ft.) was in Penang Island and the remaining 32.3% (4.3 million sq.ft.) was in Mainland Penang. To date, there were no known completions in 2021.

As for future supply, Penang expects to see more than 6 million sq.ft. of retail space across 10 developments added to the existing retail market. By location breakdown, 72% of future supply will be from Penang Island while the remaining 28% will be from Mainland Penang. In 2022, the state is expected to see the completion of the expansion of Sunway Carnival Shopping Mall with about 350,000 sq.ft. by Sunway REIT and the retail component of Phase 3 in Penang Times Square, totalling approximately 230,000 sq.ft. Notably, more megamalls will be coming into the Penang market, including GEM Megamall, the mall in Penang World City and the mall in Sunway Valley City.

Figure 1.5: New Supply of Retail Space in Penang, 2022 Onwards

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Location</th>
<th>Approximate NLA (sq.ft.)</th>
<th>Expected Completion</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Penang Times Square – Phase 3</td>
<td>George Town</td>
<td>230,000</td>
<td>2022</td>
<td>Under construction</td>
</tr>
<tr>
<td>2</td>
<td>Sunshine Central</td>
<td>George Town</td>
<td>900,000</td>
<td>2023</td>
<td>Under construction</td>
</tr>
<tr>
<td>3</td>
<td>Penang Times Square – Phase 4</td>
<td>George Town</td>
<td>110,000</td>
<td>Post-2023</td>
<td>Being planned</td>
</tr>
<tr>
<td>4</td>
<td>The Light Waterfront Mall – Phase 1 &amp; 2</td>
<td>Jelutong</td>
<td>660,000</td>
<td>Post-2023</td>
<td>Being planned</td>
</tr>
<tr>
<td>5</td>
<td>The Light Mixed Commercial Mall</td>
<td>Jelutong</td>
<td>500,000</td>
<td>Post-2023</td>
<td>Being planned</td>
</tr>
<tr>
<td>6</td>
<td>Penang World City</td>
<td>Bayan Mutiara</td>
<td>1,000,000</td>
<td>Post-2023</td>
<td>Being planned</td>
</tr>
<tr>
<td>7</td>
<td>Sunway Valley City</td>
<td>Paya Terubong</td>
<td>1,000,000</td>
<td>Post-2023</td>
<td>Being planned</td>
</tr>
<tr>
<td>Sub Total</td>
<td></td>
<td></td>
<td>4,400,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Savills Research

MARKET REPORT

PENANG

As of 2Q 2021, the total existing retail space in Penang stood at 13.4 million sq.ft., of which 67.7% (9.1 million sq.ft.) was in Penang Island and the remaining 32.3% (4.3 million sq.ft.) was in Mainland Penang. To date, there were no known completions in 2021.

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Figure 1.5: New Supply of Retail Space in Penang, 2022 Onwards

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Location</th>
<th>Approximate NLA (sq.ft.)</th>
<th>Expected Completion</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Penang Times Square – Phase 3</td>
<td>George Town</td>
<td>230,000</td>
<td>2022</td>
<td>Under construction</td>
</tr>
<tr>
<td>2</td>
<td>Sunshine Central</td>
<td>George Town</td>
<td>900,000</td>
<td>2023</td>
<td>Under construction</td>
</tr>
<tr>
<td>3</td>
<td>Penang Times Square – Phase 4</td>
<td>George Town</td>
<td>110,000</td>
<td>Post-2023</td>
<td>Being planned</td>
</tr>
<tr>
<td>4</td>
<td>The Light Waterfront Mall – Phase 1 &amp; 2</td>
<td>Jelutong</td>
<td>660,000</td>
<td>Post-2023</td>
<td>Being planned</td>
</tr>
<tr>
<td>5</td>
<td>The Light Mixed Commercial Mall</td>
<td>Jelutong</td>
<td>500,000</td>
<td>Post-2023</td>
<td>Being planned</td>
</tr>
<tr>
<td>6</td>
<td>Penang World City</td>
<td>Bayan Mutiara</td>
<td>1,000,000</td>
<td>Post-2023</td>
<td>Being planned</td>
</tr>
<tr>
<td>7</td>
<td>Sunway Valley City</td>
<td>Paya Terubong</td>
<td>1,000,000</td>
<td>Post-2023</td>
<td>Being planned</td>
</tr>
<tr>
<td>Sub Total</td>
<td></td>
<td></td>
<td>4,400,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Savills Research
The average occupancy rate of shopping centres in the state peaked at 87.9% in 2015 and has since continued to downtrend, recording 78.8% in 1H 2021. The average occupancy for Selangor has remained fairly resilient, hovering close to the 80% threshold despite the high supply pipeline of retail space coming into the market, alongside the challenging business landscape.

**Figure 1.7: Overall Occupancy Rate in Selangor, 2014 to 1H 2021**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate%</td>
<td>78.8</td>
<td>84.7</td>
<td>87.9</td>
<td>84.9</td>
<td>85.4</td>
<td>84.3</td>
<td>82.1</td>
<td>80.0</td>
</tr>
</tbody>
</table>

Source: NAPIC/Knight Frank Research

**KUALA LUMPUR**

Kuala Lumpur’s premier shopping destination, namely Suria KLCC, commands high rental rates ranging from RM38.54 per sq.ft. to RM213.84 per sq.ft. per month in 1H 2021. In KL Fringe, rentals at popular shopping centres such as Mid Valley Megamall and The Gardens Mall currently range between RM15.00 per sq.ft. and RM80.00 per sq.ft. per month. The table below summarises the rental levels of selected shopping centres in Kuala Lumpur from 2019 to 1H 2021.

**Figure 1.8: Rental Levels of Retail Space in Selected Shopping Centres in Kuala Lumpur, 2019 to 1H 2021**

<table>
<thead>
<tr>
<th>Shopping Centre</th>
<th>Location</th>
<th>Floor Level</th>
<th>Floor Area (sq.ft.)</th>
<th>Analysis of Rental Rates (RM per sq.ft./month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suria KLCC</td>
<td>Jalan Ampang</td>
<td>Concourse (LG)</td>
<td>151 – 4,047</td>
<td>40.50 – 216.50, 42.65 – 223.00, 46.00 – 213.84</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ground</td>
<td>301 – 2,328</td>
<td>37.35 – 165.47, 41.64 – 165.47, 41.64 – 152.44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>215 – 904</td>
<td>96.40 – 113.84, 96.62 – 113.84, 96.62 – 113.84</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2</td>
<td>323 – 1,819</td>
<td>88.25 – 89.04, 86.54 – 89.23, 86.54 – 100.54</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>205 – 1,679</td>
<td>49.40 – 100.76, 50.64 – 100.94, 49.19 – 100.94</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4</td>
<td>570 – 2,368</td>
<td>47.40 – 57.35, 47.59 – 60.09, 45.39 – 62.79</td>
</tr>
</tbody>
</table>

Source: NAPIC/Knight Frank Research

The average occupancy rate of shopping centres in Kuala Lumpur peaked at 89.8% in 2014 and has since continued to downtrend. Despite recording a slight improvement in 2019 at 83.4% (2018: 82.8%), the average occupancy level declined to 81.6% in 1H 2021 following the adverse impacts of the prolonged COVID-19 pandemic.

**Figure 1.9: Overall Occupancy Rate in Kuala Lumpur, 2014 to 1H 2021**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate%</td>
<td>89.8</td>
<td>87.4</td>
<td>86.9</td>
<td>85.3</td>
<td>82.8</td>
<td>83.4</td>
<td>82.0</td>
<td>81.6</td>
</tr>
</tbody>
</table>

Source: NAPIC/Knight Frank Research
PENANG

The rental rates of selected retail malls in Penang ranged from as low as RM3.00 per sq.ft. to as high as RM35.00 per sq.ft. per month in 1H 2021, depending on the mall’s location, area occupied, floor level and the unit’s location. The rental rates of the retail space within the said retail malls were generally stable year-on-year (y-o-y).

Figure 1.10: Rental Levels of Retail Space in Selected Shopping Centres in Penang, 2H 2020 to 1H 2021

<table>
<thead>
<tr>
<th>Retail Mall</th>
<th>Size Range (sq.ft.)</th>
<th>Rental Range (RM/psf)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>Gurney Plaza</td>
<td>312</td>
<td>2,260</td>
</tr>
<tr>
<td></td>
<td>2,260</td>
<td>3,050</td>
</tr>
<tr>
<td></td>
<td>3,050</td>
<td>7,220</td>
</tr>
<tr>
<td>1st Avenue</td>
<td>484</td>
<td>1,001</td>
</tr>
<tr>
<td></td>
<td>1,001</td>
<td>3,300</td>
</tr>
<tr>
<td></td>
<td>3,300</td>
<td>13,399</td>
</tr>
<tr>
<td>Queensbay Mall</td>
<td>527</td>
<td>1,463</td>
</tr>
<tr>
<td></td>
<td>1,463</td>
<td>2,142</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,142</td>
</tr>
<tr>
<td></td>
<td>1,259</td>
<td>1,141</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,141</td>
</tr>
<tr>
<td></td>
<td>1,000</td>
<td>1,020</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,020</td>
</tr>
<tr>
<td></td>
<td>3,050</td>
<td>1,010</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,010</td>
</tr>
<tr>
<td></td>
<td>2,142</td>
<td>8.80</td>
</tr>
<tr>
<td></td>
<td>2,142</td>
<td>8.80</td>
</tr>
<tr>
<td></td>
<td>140</td>
<td>2,077</td>
</tr>
<tr>
<td></td>
<td>2,077</td>
<td>2,867</td>
</tr>
<tr>
<td></td>
<td>2,239</td>
<td>1,216</td>
</tr>
<tr>
<td>Design Village</td>
<td>334</td>
<td>2,142</td>
</tr>
<tr>
<td></td>
<td>2,142</td>
<td>8.80</td>
</tr>
<tr>
<td></td>
<td>140</td>
<td>2,077</td>
</tr>
</tbody>
</table>

Source: NAPIC/Savills Research

The average occupancy rate of retail space in Penang declined to 72.8% in 2020 (2019: 73.8%). 1H 2021 saw the average occupancy rate falling further to 72%, with the occupancy rates in both Penang Island and the Mainland recording 80% and 62%, respectively. Nevertheless, centrally managed malls such as Sunway Carnival Shopping Mall and Gurney Plaza recorded good occupancy rates, above Penang’s average.

RETAIL MARKET TRENDS

The pandemic has undoubtedly accelerated retailers’ adoption of e-commerce. The closure of physical retail stores due to lockdown and social distancing measures has led to consumers resorting to online shopping, pushing the country’s e-commerce transactions to a peak of RM896.4 billion in 2020, an increase of 32.7% compared to 2019 (RM675.4 billion), according to the Department of Statistics Malaysia (DOSM).

NEW DESIGN OF SPACES

The market saw the adoption of omnichannel strategies by a majority of businesses in achieving sales, both offline and online. Such new norms have resulted in mall landlords providing flexible tenancy arrangements in order to retain tenants and achieve optimal occupancy. Additionally, throughout this challenging climate, mall landlords have continued to provide rental rebates to tenants in order to sustain their businesses and to survive the impact of the pandemic.

As a result, retail tenants are now increasingly seeking shorter tenancy terms instead of long-term tenancies, which can typically last three years or longer. Mall landlords and operators have to be flexible to meet the emerging demands of retail tenants. Another trend observed is that many shopping malls are embarking on digital transformation by building an online presence, such as digital malls, in line with changing consumer needs. One such example was the roll-out of Sunway eMall in October 2021, the e-commerce platform of Sunway Malls.

Additionally, it is envisaged that consumers will anticipate and crave for more social interactions in the post-pandemic era. Experiential shopping, which was a powerful differentiation strategy in pre-pandemic life, is set to become an even bigger factor in the future retail market. In the effort to entice shoppers, shopping malls could provide interactive spaces, such as short-term pop-ups, art exhibitions and community lounge spaces, to keep the malls relevant.
HOSPITALITY MARKET OVERVIEW

Hospitality-related segments continued to be affected by cancellations of flights, tour packages and hotel bookings due to prolonged international and domestic travel restrictions during the first half of 2021. Total tourist arrivals in Malaysia were 4.33 million in 2020, representing an 83.4% decline compared to 2019 (tourist arrivals: 26.10 million). In the first half of 2021, the tourist arrivals recorded were only 50,613 persons, negligible compared to 4.3 million tourist arrivals in the same period last year. The tourism sector in Malaysia is likely to remain challenging as long as the country’s borders continue to be closed.

SUPPLY OF HOSPITALITY SPACE

SELANGOR

In 2020, the total supply of all star-rated hotels in Selangor declined to 470 hotels (2019: 475 hotels). The various phases of the MCO that were implemented since 18 March 2020, coupled with international travel bans, led to the permanent closure of some hotels. The most recent hotel that ceased operations in Selangor was Holiday Villa Hotel & Conference Centre Subang, which closed its doors on 1 October 2021.

During the review period, there was a notable hotel opening in Selangor, namely the Glenmarie Hotel & Resort. The 260-room hotel, which was launched in August 2021, is managed by Tradewinds Hospitality. By the end of 2021, another three hotel openings were expected. The following table summarises selected upcoming hotels in Selangor.

Figure 2.1: Future Supply (Incoming & Planned) of Hotels and Rooms in Selangor, 2021 to 2022

<table>
<thead>
<tr>
<th>No.</th>
<th>Hotel Development</th>
<th>Location</th>
<th>Expected Completion</th>
<th>No. of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mercure Kuala Lumpur Glenmarie</td>
<td>Ultrapolis, Glenmarie</td>
<td>2021</td>
<td>229</td>
</tr>
<tr>
<td>2</td>
<td>Holiday Inn Sepang</td>
<td>Kota Warisan Sepang</td>
<td>2021</td>
<td>250</td>
</tr>
<tr>
<td>3</td>
<td>AVANTÉ Hotel</td>
<td>Bandar Utama</td>
<td>2021</td>
<td>610</td>
</tr>
<tr>
<td>4</td>
<td>Doubletree by Hilton</td>
<td>i-City, Shah Alam</td>
<td>2022</td>
<td>300</td>
</tr>
<tr>
<td>5</td>
<td>Conrad Kuala Lumpur</td>
<td>Jalan Sultan Ismail</td>
<td>2022</td>
<td>544</td>
</tr>
<tr>
<td>6</td>
<td>Amari Kuala Lumpur</td>
<td>KL Eco City</td>
<td>2022</td>
<td>252</td>
</tr>
<tr>
<td>7</td>
<td>JW Marriott KL Sentral</td>
<td>Brickfields</td>
<td>2022</td>
<td>N/A</td>
</tr>
<tr>
<td>8</td>
<td>Park Hyatt Kuala Lumpur</td>
<td>Jalan Stadium</td>
<td>2022</td>
<td>290</td>
</tr>
<tr>
<td>9</td>
<td>Ascott Star KLCC*</td>
<td>Jalan Yap Kwan Seng</td>
<td>2022</td>
<td>353</td>
</tr>
<tr>
<td>10</td>
<td>Pan Pacific Serviced Suites Kuala Lumpur*</td>
<td>Jalan Walter Granier</td>
<td>2022</td>
<td>210</td>
</tr>
</tbody>
</table>

MARKET REPORT

KUALA LUMPUR

As of 2020, the number of hotels in Kuala Lumpur (all star categories) stood at 472 (2019: 480 hotels). Notable hotels that have ceased or are ceasing operations include Ancasa Express @ Pudu, Swiss-Inn Chinatown Kuala Lumpur, Silka Maytower Kuala Lumpur, Grand Seasons Hotel Kuala Lumpur, GTower Hotel, Invito Hotel & Residences (formerly known as Capri by Fraser Bangsar South), E&O Residences, Hotel Istana and Silka Cheras Hotel Kuala Lumpur.

During the review period, two hotels were also rebranded, namely Cormar Suites (formerly known as Fraser Place Kuala Lumpur) and Hotel Royal Bukit Bintang (formerly known as Royale Chulan Bukit Bintang). The following table summarises selected upcoming hotels in Kuala Lumpur.

Figure 2.2: Future Supply (Incoming & Planned) of Hotels and Rooms in Kuala Lumpur, 2021 to 2023

<table>
<thead>
<tr>
<th>No.</th>
<th>Hotel Development</th>
<th>Location</th>
<th>Operator/Developer</th>
<th>Expected Completion</th>
<th>No. of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Monopoly Mansion</td>
<td>Jalan Baba</td>
<td>Sirocco Hospitality Group</td>
<td>2021</td>
<td>310</td>
</tr>
<tr>
<td>2</td>
<td>Capri by Fraser Bukit Bintang</td>
<td>Jalan Imbi</td>
<td>Fraser Hospitality Group</td>
<td>2021</td>
<td>321</td>
</tr>
<tr>
<td>3</td>
<td>Canopy by Hilton Kuala Lumpur</td>
<td>Jalan Imbi</td>
<td>Hilton Worldwide</td>
<td>2021</td>
<td>456</td>
</tr>
<tr>
<td>4</td>
<td>Fairfield by Marriott</td>
<td>Jalan Pahang</td>
<td>Marriott International</td>
<td>2021</td>
<td>186</td>
</tr>
<tr>
<td>5</td>
<td>Crowne Plaza Hotel</td>
<td>Jalan Yap Kwan Seng</td>
<td>InterContinental Hotels Group (IHG)</td>
<td>2022</td>
<td>338</td>
</tr>
<tr>
<td>6</td>
<td>Conrad Kuala Lumpur</td>
<td>Jalan Sultan Ismail</td>
<td>Hilton Worldwide</td>
<td>2022</td>
<td>544</td>
</tr>
<tr>
<td>7</td>
<td>Amari Kuala Lumpur</td>
<td>KL Eco City</td>
<td>ONYX Hospitality Group</td>
<td>2022</td>
<td>252</td>
</tr>
<tr>
<td>8</td>
<td>JW Marriott KL Sentral</td>
<td>Brickfields</td>
<td>Marriott International</td>
<td>2022</td>
<td>N/A</td>
</tr>
<tr>
<td>9</td>
<td>Park Hyatt Kuala Lumpur</td>
<td>Jalan Stadium</td>
<td>Hyatt Hotels &amp; Resorts</td>
<td>2022</td>
<td>290</td>
</tr>
<tr>
<td>10</td>
<td>Ascott Star KLCC*</td>
<td>Jalan Yap Kwan Seng</td>
<td>The Ascott Limited</td>
<td>2022</td>
<td>353</td>
</tr>
<tr>
<td>11</td>
<td>Pan Pacific Serviced Suites Kuala Lumpur*</td>
<td>Jalan Walter Granier</td>
<td>Pan Pacific Hotels Group</td>
<td>2022</td>
<td>210</td>
</tr>
</tbody>
</table>
### Penang

As of 3Q 2021, there were 119 hotels in Penang. There were two new hotel completions in 2020, namely Angsana Teluk Bahang, which offers 250 hotel rooms, and Ozo Hotel, which offers 141 rooms. Angsana Teluk Bahang is a 5-star hotel managed by the world-acclaimed Banyan Tree Hotels & Resorts and sits on Teluk Bahang beach. Ozo Hotel, on the other hand, is a 4-star-rated hotel by Bangkok-based ONYX Hospitality Group and is the only hotel on the island that offers a penthouse sky lobby.

Six more hotels are scheduled for completion in 2022 and 2023, totalling 1,807 rooms. These hotels are mostly located on Penang Island. The following table summarises selected upcoming hotels in Penang.

#### Figure 2.3: Future Supply of Selected Hotels and Rooms in Penang, 2022 to 2023

<table>
<thead>
<tr>
<th>No.</th>
<th>Hotel Development</th>
<th>Location</th>
<th>Operator/Developer</th>
<th>Expected Completion</th>
<th>No. of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>37</td>
<td>Unnamed Hotel</td>
<td>Maju Kuala Lumpur</td>
<td>Lingkaran Maju</td>
<td>2023</td>
<td>N/A</td>
</tr>
<tr>
<td>38</td>
<td>Citadines Astra</td>
<td>Kuala Lumpur</td>
<td>Ulu Kelang</td>
<td>2023</td>
<td>230</td>
</tr>
<tr>
<td>39</td>
<td>WOLD Chinatown</td>
<td>Kuala Lumpur</td>
<td>The Ascott Limited</td>
<td>2023</td>
<td>300</td>
</tr>
<tr>
<td>40</td>
<td>Shangri-La @</td>
<td>Dayabumi</td>
<td>Jalan Sultan</td>
<td>2023</td>
<td>300</td>
</tr>
<tr>
<td>41</td>
<td>Unnamed Hotel</td>
<td>TNB HQ Site</td>
<td>Jalan Pantai</td>
<td>2023</td>
<td>170</td>
</tr>
<tr>
<td>42</td>
<td>Unnamed Hotel</td>
<td>Pavilion Damansara Heights</td>
<td>Jalan Damantela</td>
<td>2023</td>
<td>186</td>
</tr>
<tr>
<td>43</td>
<td>Hotel Rosyam</td>
<td>Sambanthan 4</td>
<td>Alpine Engineering</td>
<td>2023</td>
<td>240</td>
</tr>
<tr>
<td>44</td>
<td>Unnamed Hotel</td>
<td>Syed Putra</td>
<td>Eastern Properties</td>
<td>2023</td>
<td>120</td>
</tr>
</tbody>
</table>

**Total**: 11,909

*These schemes are hotel-apartments, where the total number of rooms includes hotel apartment units.*

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### Performance Review

How We Create Value

A Framework Of Trust And Accountability

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### Market Report

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KUALA LUMPUR

The chart below shows the AOR of all star-rated hotels in Kuala Lumpur for the period from 2011 to 2020.

![Average Occupancy Rate of All Star-Rated Hotels in Kuala Lumpur, 2011 to 2020](image)

Similar to Selangor, the various movement restriction measures since early 2020 caused the AOR in Kuala Lumpur to fall to a low of 25.1% in 2020 from 59.9% in 2019. Some hotels in Kuala Lumpur also ceased operations due to low to zero occupancy as they struggled to sustain operating costs. To remain afloat, some hotels began offering work-from-hotel packages to compensate for the low occupancy rates and to pare down losses. Nevertheless, the hotel sector started reporting a gradual improvement when interstate travel restrictions were removed in October 2021.

PENANG

The hospitality market in Penang, especially on Penang Island, is highly dependent on the tourism sector. According to Tourism Malaysia, the AOR of hotels in Penang has been relatively stable at above 60% until 2018. It is noted that even before the outbreak of COVID-19, the occupancy rate of hotels in Penang had been affected by new supply and the rise of alternative accommodations.

With the lifting of interstate travel restrictions in October 2021, the hotel occupancy rate in Penang has also improved, recording a 75% occupancy rate, as per the figures from the Penang Chapter of the Malaysian Association of Hotels.

SELANGOR

The AOR continued to fall and was recorded at 56.4% in 2019. The onset of the COVID-19 pandemic in early 2020, which led to strict containment measures, caused the AOR of all star-rated hotels in Selangor to plunge further to 30.2% in 2020.

Similar to Selangor, the various movement restriction measures since early 2020 caused the AOR in Kuala Lumpur to fall to a low of 25.1% in 2020 from 59.9% in 2019. Some hotels in Kuala Lumpur also ceased operations due to low to zero occupancy as they struggled to sustain operating costs. To remain afloat, some hotels began offering work-from-hotel packages to compensate for the low occupancy rates and to pare down losses. Nevertheless, the hotel sector started reporting a gradual improvement when interstate travel restrictions were removed in October 2021.

With the cancellation of hotel bookings due to the closure of international borders and travel bans, some hotels ran at zero occupancy while others opted to temporarily shut down or solely rely on COVID-19 quarantine guests to sustain operations. Nevertheless, with the recent relaxation of interstate travel and the reopening of tourist destinations for domestic travellers under the tourism bubble plan, the last few months of 2021 might see some recovery. However, the overall AOR for 2021 is still expected to remain significantly low as Malaysia's borders are still closed to foreign tourists.

### DEMAND FOR HOSPITALITY SPACE

#### Table: Expected Completion – 2023

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Location</th>
<th>Penang</th>
<th>No. of Keys</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Straits Trading Hotel</td>
<td>Butterworth</td>
<td>Mainland</td>
<td>364</td>
</tr>
<tr>
<td>2</td>
<td>Iconic Regency Hotel</td>
<td>Sultan Azlan Shah</td>
<td>Island</td>
<td>304</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>668</strong></td>
</tr>
</tbody>
</table>

Source: Savills Research

Source: Tourism Malaysia (based on hotel survey)/Knight Frank Research
OFFICE MARKET OVERVIEW

Thanks to the successful roll-out of the vaccination programme nationwide, many office employees have gradually returned to their workplaces, albeit with hybrid working arrangements still in place. After more than one year of inactivity, companies are now in the early stages of reconfiguring their corporate real estate strategies. Many office tenants are right-sizing and looking for floor plates sized between 10,000 sq.ft. and 25,000 sq.ft. Furthermore, a decentralisation trend continues as companies relocate closer to matured neighbourhoods with better connectivity and less traffic congestion. The fringes of Kuala Lumpur and decentralised locations such as KL Sentral, Mid Valley City, KL Eco City, Bangsar South, TTDI and Petaling Jaya remain office hotspots.

HOSPITALITY MARKET TRENDS

Undeniably, the COVID-19 pandemic has adversely impacted the Malaysian tourism industry and the entire hospitality value chain since 2020. Most hotels that have ceased operations will not reopen in the near term as the effects of the pandemic are expected to remain.

DEFENSIVE BUSINESS STRATEGIES

Presently, the hospitality sector is about the survival of the fittest and operators are carefully studying pricing to attract customers at the expense of room rates in order to achieve higher occupancy levels. Business margin expectations are lower and the focus is on business sustainability. The momentum towards a full recovery will be set in motion with the return of foreign tourist arrivals once international borders are reopened. Backed by various government incentives, including a special focus on the tourism sector in Budget 2022, the recovery of the hospitality sector is anticipated to be gradual with the further easing of domestic and international travel restrictions.

DIGITALISATION OF HOTELS

To remain competitive, the use of digital platforms, such as social media, websites and e-marketing, by hospitality players is key to regaining the confidence of the public to travel again. Technology like digital check-ins and digital keys will be utilised and accepted by guests as a safe alternative to traditional practices. With an app-based room key, guests can perform multiple functions such as making online payments, uploading IDs and electronically signing registration forms from their phones. Additionally, the safety and cleanliness of hotels are of paramount importance to attract guests. Increased cleanliness is the most significant and highly publicised measure that hotels are now taking to keep guests safe amid the pandemic.

STAYCATION BOOM

One positive outcome of the pandemic is the staycation boom, which will remain for the near term despite the easing of international travel restrictions. The desire for a vacation among people is strong after a prolonged period of lockdowns. Amid general public concern about safety and travel restrictions, staying in a hotel closer to home and having holidays domestically are the next best thing. Hospitality players should tap into this trend by introducing attractive staycation packages, bundled with other offerings, to attract more guests to their hotels.

SUPPLY OF OFFICE SPACE

SELANGOR

The supply of selected Grade A and Grade B purpose-built office space in Selangor stood at around 24.4 million sq.ft. as of 3Q 2021, reflecting a compound annual growth rate (CAGR) of about 5.7% since 2015. The bulk of incoming office supply in Selangor, mostly in Petaling Jaya, which is expected to come on stream by 2022, amounts to approximately 1.0 million sq.ft.

Figure 3.1: Future Supply of Office Space in Selangor, 4Q 2021 to 2022

<table>
<thead>
<tr>
<th>Development</th>
<th>Location</th>
<th>Expected Year of Completion</th>
<th>Estimated NLA (sq.ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quill 9 Annex</td>
<td>Seksyen 19, Petaling Jaya</td>
<td>4Q 2021</td>
<td>104,000</td>
</tr>
<tr>
<td>HCK Tower @ Empire City</td>
<td>Empire City, Petaling Jaya</td>
<td>2022</td>
<td>904,000</td>
</tr>
<tr>
<td>Block G @ Empire City</td>
<td>Empire City, Petaling Jaya</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>Office Tower @ Atwater</td>
<td>Seksyen 13, Petaling Jaya</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>1,088,000</strong></td>
</tr>
</tbody>
</table>

Source: Knight Frank Research
There were two notable office completions in 2020, namely Menara Star 2 and Sumurwang Tower @ i-City. Located in Section 13 Petaling Jaya, Menara Star 2 @ Pacific Star is a 14-storey Grade A office building offering an NLA of around 251,000 sq.ft. Meanwhile, the completion of Sumurwang Tower @ i-City in the locality of Shah Alam contributed around 285,000 sq.ft. to the existing office stock. The 32-storey office tower, fronting Persiaran Multimedia in i-City, is doubly compliant with both MSC Malaysia status and GBI certification. Imazium @ Uptown, a 31-storey Grade A office building located in Damansara Uptown, was also completed in 2021, offering around 450,000 sq.ft. of NLA.

**KUALA LUMPUR**

The supply of office space in Kuala Lumpur has grown steadily over the years. New supply from KL Fringe (the decentralised localities of Damansara Heights, KL Sentral, Taman Tun Dr. Ismail (TTDI), Mont’ Kiara, Dutamas, Midvalley City, KL Eco City, KL Gateway, Bangsar South, Kerinchi, Pantai and Bangsar) has been outpacing KL City (New and Old CBDs and KL City Centre Peripheral) since 2015, recording a CAGR of 3.8% in comparison to a modest 2.5% for KL City.

As of 3Q 2021, the cumulative supply of purpose-built office space in KL City was recorded at about 58.9 million sq.ft., while its existing supply remained unchanged at 29.4 million sq.ft.

Figure 3.2: Future Supply of Office Space in Kuala Lumpur, 4Q 2021 to 2022

<table>
<thead>
<tr>
<th>Development</th>
<th>Location</th>
<th>Expected Completion Year</th>
<th>Estimated NLA (sq.ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afin Tower</td>
<td>Tun Razak Exchange</td>
<td>4Q 2021</td>
<td>1,602,000</td>
</tr>
<tr>
<td>PN8 119E (formerly known as MAB Annex)</td>
<td>Jalan Sultan Ismail</td>
<td>4Q 2021</td>
<td>2,615,000</td>
</tr>
<tr>
<td>The Stride Strata Office</td>
<td>Bukit Bintang City Centre (BBCC)</td>
<td>4Q 2021</td>
<td>1,070,000</td>
</tr>
<tr>
<td>UOB Tower 2</td>
<td>Jalan Raja Laut</td>
<td>4Q 2021</td>
<td>2,615,000</td>
</tr>
<tr>
<td>Merdeka 118 Tower</td>
<td>Jalan Hang Jebat/Jalan Stadium</td>
<td>KL City 2022</td>
<td>3,853,000</td>
</tr>
<tr>
<td>Felcra Tower (Lot 391)</td>
<td>Jalan Sultan Yahya Petra</td>
<td>KL City 2022</td>
<td>3,853,000</td>
</tr>
<tr>
<td>Pavilion Embassy Corporate Tower</td>
<td>Jalan Ampang</td>
<td>KL City 2022</td>
<td>3,853,000</td>
</tr>
<tr>
<td>Pavilion Embassy Corporate Suites</td>
<td>Jalan Ampang</td>
<td>KL City 2022</td>
<td>3,853,000</td>
</tr>
<tr>
<td>V2 Corporate Office Tower</td>
<td>Sunway Velocity 2</td>
<td>KL City 2022</td>
<td>3,853,000</td>
</tr>
<tr>
<td>The MEI Corporate Towers</td>
<td>KL Metropolis</td>
<td>KL Fringe 2022</td>
<td>3,853,000</td>
</tr>
<tr>
<td>Aspire Tower</td>
<td>Jalan Bangsar</td>
<td>KL Fringe 2022</td>
<td>3,853,000</td>
</tr>
<tr>
<td>Pavilion Damansara Heights (Phase 1)</td>
<td>Damansara Heights</td>
<td>KL Fringe 2022</td>
<td>3,853,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>8,070,000</strong></td>
</tr>
</tbody>
</table>

Source: Knight Frank Research

In KL City, the completion of TS Law Tower, Permata Sapura, Menara Great Eastern 2 and Menara IQ @ TRX in 2Q 2021 have collectively contributed approximately 1.7 million sq.ft. to the existing office stock. The third quarter of 2021 also saw the completion of Plaza Conlay @ Conlay 301 (Tower 1). Located at the intersection of Jalan Kia Peng and Jalan Conlay, the 32-storey office tower offers around 606,000 sq.ft. of space. As for KL Fringe, with no new completions in 2021, its existing supply remained unchanged at 29.4 million sq.ft.

**DEMAND FOR OFFICE SPACE**

**SELANGOR**

The overall occupancy rate of office space in Selangor dropped from 71.6% in 2019 to 69.2% in 2020. Selected Grade A office buildings in the locality of Petaling Jaya commanded asking rental rates of between RM4.00 per sq.ft. and RM6.00 per sq.ft. per month. The asking rental rates for Grade B office space covered a wider range, from RM3.20 per sq.ft. to RM5.50 per sq.ft. per month.

Meanwhile, the asking rental rates for selected Grade A office buildings in Subang Jaya ranged from RM4.50 per sq.ft. to RM7.50 per sq.ft. per month, while Grade B office space commanded lower asking gross rental rates of between RM3.50 per sq.ft. and RM4.50 per sq.ft. per month.

Figure 3.3: Asking Gross Rental Rates of Selected Office Buildings in Selangor, 3Q 2021

<table>
<thead>
<tr>
<th>Building Name</th>
<th>Location</th>
<th>Classification</th>
<th>Asking Gross Rental Rates (RM per sq.ft./month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 First Avenue</td>
<td>Bandar Utama</td>
<td>Grade A</td>
<td>6.00</td>
</tr>
<tr>
<td>Nucleus Tower</td>
<td>Mutia Damansara</td>
<td>Grade A</td>
<td>5.50 – 6.70</td>
</tr>
<tr>
<td>The Ascent @ Paradigm</td>
<td>SS 7, Kelana Jaya</td>
<td>Grade A</td>
<td>5.50 – 6.00</td>
</tr>
<tr>
<td>Oasis Square – Block F</td>
<td>Ara Damansara</td>
<td>Grade A</td>
<td>4.00 – 4.50</td>
</tr>
<tr>
<td>PJ 33</td>
<td>Seksyen 13, Petaling Jaya</td>
<td>Grade B</td>
<td>5.50</td>
</tr>
<tr>
<td>Oasis Square – Block H</td>
<td>Ara Damansara</td>
<td>Grade B</td>
<td>4.50</td>
</tr>
<tr>
<td>Uptown 1 &amp; 2</td>
<td>Damansara Utama</td>
<td>Grade B</td>
<td>5.00 – 5.50</td>
</tr>
<tr>
<td>Menara Axis</td>
<td>Seksyen 51A, Petaling Jaya</td>
<td>Grade B</td>
<td>4.90</td>
</tr>
<tr>
<td>CP Tower</td>
<td>Seksyen 16, Petaling Jaya</td>
<td>Grade B</td>
<td>4.50</td>
</tr>
<tr>
<td>Menara AmFirst</td>
<td>Seksyen 19, Petaling Jaya</td>
<td>Grade B</td>
<td>3.20</td>
</tr>
</tbody>
</table>

**Locality: Subang Jaya**

| The Pinnacle Sunway           | Bandar Sunway              | Grade A        | 6.00 – 7.50                                 |
| SunGeo Tower                  | Bandar Sunway              | Grade A        | 6.00                                        |
| Puchong Financial Corporate Centre (PFCC) – Towers 4 & 5 | Puchong Puchong | Grade A        | 4.50                                        |
| Wisma Compliant 1 & 2         | SS 16, Subang Jaya        | Grade B        | 4.50                                        |
| Puchong Financial Corporate Centre (PFCC) – Tower 1 & 2 | Puchong Puchong | Grade B        | 4.00 – 4.50                                 |
| Menara Summit                 | USJ 1, UEP Subang Jaya    | Grade B        | 3.50 – 4.50                                 |
| MCT Tower                     | One City, UEP Subang Jaya | Grade B        | 3.50 – 4.00                                 |

Source: Knight Frank Research

Note: (p) = Preliminary data

**KUALA LUMPUR**

The overall occupancy rate of office space in Kuala Lumpur dropped from 78.3% in 2019 to 77.6% in 2020, amid the continuously widening gap between supply and demand in the office market. Newly completed buildings, such as The Exchange 106, Menara Prudential and Menara Hap Seng 2, competed for the same pool of tenants, mostly comprising large corporations and MNCs.
With the introduction of good quality and high-specification office spaces within Tun Razak Exchange, Prime A+ office buildings in KL City continued to command higher asking rental rates, from RM8.50 per sq.ft. per month onwards. The asking rental rates of selected Grade A offices in the New CBD started from a lower band, ranging from RM6.80 per sq.ft. to RM12.00 per sq.ft. per month. On the other hand, for selected Grade B offices, the asking rental rates were from RM4.00 per sq.ft. to RM6.50 per sq.ft. per month. In the Old CBD, the monthly asking rental rates of selected purpose-built office buildings ranged from RM3.50 per sq.ft. to RM5.00 per sq.ft., while in KL City Centre Peripheral, they were between RM3.70 per sq.ft. and RM4.15 per sq.ft.

Figure 3.4: Asking Gross Rental Rates of Selected Office Buildings in KL City, 3Q 2021

<table>
<thead>
<tr>
<th>Building Name</th>
<th>Location</th>
<th>Classification</th>
<th>Asking Gross Rental Rates (RM per sq.ft./month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petronas Twin Towers</td>
<td>Jalan Ampang</td>
<td>Prime A+</td>
<td>14.00 – 15.00</td>
</tr>
<tr>
<td>Menara 3 Petronas</td>
<td>Jalan Ampang</td>
<td>Prime A+</td>
<td>11.00 – 12.00</td>
</tr>
<tr>
<td>Integra Tower</td>
<td>Jalan Tun Razak</td>
<td>Prime A+</td>
<td>11.00</td>
</tr>
<tr>
<td>The Exchange 106</td>
<td>Tun Razak Exchange</td>
<td>Prime A+</td>
<td>10.00 – 12.00</td>
</tr>
<tr>
<td>Menara Prudential</td>
<td>Tun Razak Exchange</td>
<td>Prime A+</td>
<td>8.50</td>
</tr>
<tr>
<td>Menara Maxis</td>
<td>Jalan Ampang</td>
<td>Grade A</td>
<td>8.00 – 12.00</td>
</tr>
<tr>
<td>Menara Binjai</td>
<td>Jalan Binjai</td>
<td>Grade A</td>
<td>8.80</td>
</tr>
<tr>
<td>Menara Khuang Choo</td>
<td>Jalan Raja Chulan</td>
<td>Grade A</td>
<td>8.50</td>
</tr>
<tr>
<td>Vista Tower</td>
<td>Jalan Tun Razak</td>
<td>Grade A</td>
<td>750 – 9.50</td>
</tr>
<tr>
<td>Menara Hap Seng 2</td>
<td>Jalan P Ramlee</td>
<td>Grade A</td>
<td>7.50</td>
</tr>
<tr>
<td>Menara AIA Sentral (formerly known as Menara Standard Chartered)</td>
<td>Jalan Sultan Ismail</td>
<td>Grade A</td>
<td>6.80</td>
</tr>
<tr>
<td>Wisma Golden Eagle Realty (formerly known as Wisma Selangor Dredging)</td>
<td>Jalan Ampang</td>
<td>Grade B</td>
<td>6.50</td>
</tr>
<tr>
<td>Menara HLA</td>
<td>Jalan Kia Peng</td>
<td>Grade B</td>
<td>4.00 – 6.00</td>
</tr>
<tr>
<td>Menara Atlan</td>
<td>Jalan Ampang</td>
<td>Grade B</td>
<td>5.00</td>
</tr>
<tr>
<td>Wisma MCA</td>
<td>Jalan Ampang</td>
<td>Grade B</td>
<td>4.50</td>
</tr>
<tr>
<td>Wisma MPI</td>
<td>Jalan Raja Chulan</td>
<td>Grade B</td>
<td>4.00</td>
</tr>
<tr>
<td>Menara Cap Square</td>
<td>Jalan Dang Wangi</td>
<td>Grade A</td>
<td>7.50</td>
</tr>
<tr>
<td>Wisma Hamzah-Kwang Hing</td>
<td>Lebuh Ampang</td>
<td>Grade A</td>
<td>6.00 – 6.50</td>
</tr>
<tr>
<td>JKG Tower</td>
<td>Jalan Raja Laut</td>
<td>Grade A</td>
<td>5.00 – 6.00</td>
</tr>
<tr>
<td>Menara Multi-Purpose</td>
<td>Jalan Munshi Abdullah</td>
<td>Grade A</td>
<td>5.00</td>
</tr>
<tr>
<td>Menara TH Pernama</td>
<td>Jalan Sultan Ismail</td>
<td>Grade B</td>
<td>4.70</td>
</tr>
<tr>
<td>Wisma Bumi Rayah</td>
<td>Jalan Raja Laut</td>
<td>Grade B</td>
<td>3.60</td>
</tr>
<tr>
<td>Menara Olimpia</td>
<td>Jalan Raja Chulan</td>
<td>Grade B</td>
<td>3.50 – 6.00</td>
</tr>
</tbody>
</table>

Old CBD (formerly Central Business District)

<table>
<thead>
<tr>
<th>Building Name</th>
<th>Location</th>
<th>Classification</th>
<th>Asking Gross Rental Rates (RM per sq.ft./month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plaza See Hoy Chan</td>
<td>Jalan Raja Chulan</td>
<td>Grade B</td>
<td>4.15</td>
</tr>
<tr>
<td>Menara KPJ</td>
<td>Jalan Tun Razak</td>
<td>Grade B</td>
<td>4.00</td>
</tr>
<tr>
<td>Bangunan TH Selborn</td>
<td>Jalan Tun Razak</td>
<td>Grade B</td>
<td>3.70</td>
</tr>
</tbody>
</table>

Source: Knight Frank Research
Note: (p) = Preliminary data

Figure 3.5: Asking Gross Rental Rates of Selected Office Buildings in KL Fringe, 3Q 2021

<table>
<thead>
<tr>
<th>Building Name</th>
<th>Location</th>
<th>Classification</th>
<th>Asking Gross Rental Rates (RM per sq.ft./month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Menara Shell</td>
<td>KL Sentral</td>
<td>Grade A</td>
<td>8.50</td>
</tr>
<tr>
<td>The Gardens</td>
<td>Mid Valley City</td>
<td>Grade A</td>
<td>7.80</td>
</tr>
<tr>
<td>Menara LGB</td>
<td>Taman Tun Dr. Ismail</td>
<td>Grade A</td>
<td>6.50 – 7.50</td>
</tr>
<tr>
<td>Mercu 3</td>
<td>KL Eco City</td>
<td>Grade A</td>
<td>6.50</td>
</tr>
<tr>
<td>UOA Corporate Tower A</td>
<td>Bangsar South</td>
<td>Grade A</td>
<td>6.20</td>
</tr>
<tr>
<td>Menara Millennium</td>
<td>Damansara Heights</td>
<td>Grade A</td>
<td>6.00</td>
</tr>
<tr>
<td>Menara BMB</td>
<td>Bangsar</td>
<td>Grade A</td>
<td>5.50 – 6.50</td>
</tr>
<tr>
<td>Menara TM</td>
<td>Pantai</td>
<td>Grade B</td>
<td>6.00</td>
</tr>
<tr>
<td>Menara Kembar Bank Rakyat</td>
<td>KL Sentral</td>
<td>Grade B</td>
<td>5.50</td>
</tr>
<tr>
<td>Menara MBSB</td>
<td>Damansara Heights</td>
<td>Grade B</td>
<td>4.85</td>
</tr>
<tr>
<td>Menara Manulife</td>
<td>Damansara Heights</td>
<td>Grade B</td>
<td>4.80 – 5.80</td>
</tr>
</tbody>
</table>

Source: Knight Frank Research
Note: (p) = Preliminary data

OFFICE MARKET TRENDS

The transition to Phase 4 of the National Recovery Plan (NRP) in October 2021 resulted in the reopening of all economic sectors, and the office segment is expected to gradually recover. Still, office landlords continue to incentivize tenants with rental rebates, longer rent-free periods and amortisation of fit-out costs. The falling trend of net rents is expected to further compress office property yields.

PHYSICAL OFFICES ARE STILL RELEVANT

Although the pandemic has hastened the trend of working remotely, a global survey by Savills revealed that office workers still value the physical office for personal growth and a sense of belonging, as well as for physical and mental health. Locally, there have been some office relocations and downsizing exercises as companies review the efficiency of space utilisation.

The growing sense of uncertainty in the office market amid the pandemic and the need to preserve cash and reduce capital expenditure will result in lower levels of office leasing activities as business reviews or put on hold their real estate decisions.

The unprecedented pandemic has also compelled many organisations to rethink their standard operating modes while embracing technologies such as cloud-based IT solutions and digital communication channels in their business operations. Moving forward, business continuity measures, such as working from home, split-team arrangements and de-densification requirements, may be the new normal for some while physical distancing measures may lead to a reversal of open office trends. The design of office space will continue to evolve, and there will be a clear desire for the workplace to be elevated in terms of safety, cleanliness and amenities.
VISION

To be a leading diversified REIT in Malaysia committed to enhancing stakeholder value – Sustainable Growth, Environmental Stewardship and Community Engagement

MISSION

To deliver sustainable income distribution over the long-term through responsible business strategies supported by adaptive innovation solutions, management and sustainability practices

VALUES

Integrity
Humility
Excellence

FINANCIAL CAPITAL
Available pool of funds available to Sunway REIT, generated from rental income, property revaluation and financing through debt and equity:
• Total Unitholders’ funds: RM1.1 billion
• Total Borrowings: RM 4 billion
• Total Assets: RM 2 billion

MANUFACTURED CAPITAL
Encompasses our diversified portfolio assets, which consist of Retail, Hotels, Office, Services and Industrial properties:
• 4 Retail malls
• 7 Office
• 4 Industrial
• 1 Medical Centre

INTELLECTUAL CAPITAL
Specialised asset management expertise and knowledge, business strategies, innovative experiences and expertise spanning more than a decade alongside strong support from Sponsor and Sunway REIT brand:
• Deep industry knowledge of our Board of Directors and the Manager
• Standard Operating Procedures, policies and investment due diligence checklist
• Strong Capital Management expertise

HUMAN CAPITAL
All employees of the Manager and Trustee work in cohesion for the benefit of the unitholders. Outsourced parties such as the Property manager and Share registrar complete the human capital ecosystem:
• Number of employees under the Manager: 72

SPECIAL COMPETITIVE ADVANTAGES

Diversified Asset Portfolio
Prudent Risk Management
Experienced and Diverse Backgrounds & Skill Sets
Strong Relationship with Tenants
Sunway Brand Synergy
Responsible & Sustainable Business Practices
Performance Track Record
Progressive Mindset & Innovative Processes

KEY GROWTH STRATEGIES

Focusing strategic relationships with stakeholders to actively understand and manage expectations and create a shared value in the long term:
• Regular stakeholder engagement
• Effective and transparent communication and disclosure

NATURAL CAPITAL
Sunway REIT seeks to efficiently utilize land, water and energy in the operation of our business. In view that energy is the largest component in the operation of Sunway REIT and contributor to GHG emission, we make conscious efforts to contribute to energy savings and carbon emissions reduction:
• Encourages the use of renewable energy and energy-saving fittings
• Commits to having more properties to be Green-certified

Output

• Gross Revenue: RM75.6 million
• Net Property Income: RM46.1 million
• Distribution: RM204.6 million
• Distribution per unit: 8.10 sen
• Payout ratio: at least 90%

• Ranked 2nd by Property value: RM6.7 billion
• Ranked 3rd by Market Capitalisation: RM4.8 billion

TRADE-OFFS

Cost containment measures may positively impact our Financial Capital in the near and mid term. However, allocating less for capital expenditure and investments may affect Financial Capital over a longer timeframe as it may impact the revenue generation potential of our Manufactured Capital.
Managing risk is an essential function of Sunway REIT’s business operations. The Manager aims to continuously apply sound risk management practices to best mitigate the uncertainties and maximise the opportunities in creating sustainable value for all stakeholders of Sunway REIT.

The Board of the Manager is committed to maintaining effective risk management practices, underpinned by a robust Enterprise Risk Management (ERM) framework that enables it to continuously identify, assess, treat and manage risks that could affect Sunway REIT in achieving its objectives within defined risk parameters in a timely and effective manner. The Board is supported by its Risk Management Committee and the Risk Management Working Group, and has in place a designated Risk Officer working together with the risk owners across the business operations of Sunway REIT in ensuring all identified risks are recorded in the risk management scorecard to facilitate systematic review and monitoring.

The risk management process is embedded in key activities and business processes, enabling proper risk management at the operation level of each property as well as at the fund level. Risks identified will be systematically evaluated, and proper mitigating action plans will be developed and monitored on a continuous basis to manage the risks to an acceptable level.

The risk governance structure and its key activities during the financial period are depicted in Statement on Risk Management and Internal Control section.

For more information on how the Manager engages with its stakeholders, please refer to Corporate Governance Overview Statement - Stakeholder Engagement section.

For more information on Sunway REIT’s ESG Risk analysis, please refer to Determining Materiality section.

RISK FOCUS AREAS

The Manager continued to heighten its risk management surveillance to ensure business continuity amid the imposition of movement control orders during the financial period, during which business operations of Sunway REIT were affected. Sunway REIT’s risk focus areas show the extent and emphasis of risks that are deemed important in achieving Sunway REIT’s strategic objectives.

EXTERNAL
- Business/Market Risk
- Interest Rate Risk
- Reputational Risk
- External - Property Development Risk
- Compliance and Regulatory Risk
- Bribery and Corruption Risk
- Litigation Risk

Three new risks were included during the financial period, namely Occupational Safety and Health, Tenancy Renewal and Litigation.
### KEY RISKS

The table below describes the key risks ranging (from Very Significant to Moderate) identified and monitored at the fund and operation levels and how they are mitigated.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk Owners</th>
<th>Opportunity</th>
<th>Mitigating Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUSINESS/MARKET RISK</strong></td>
<td>The risk that the properties will face a decline in revenue and net property income due to movement restrictions, poor market conditions, competition and geographical concentration.</td>
<td>Embarking on a diversified portfolio of asset classes and asset enhancement initiatives maintains the stability of the income base and captures the emerging growth in global megatrends.</td>
<td>• A diversified property portfolio to mitigate the risks of weaker performance in certain property subsectors. • Collaboration with the Sponsor to leverage and seek to maximise the operational and business synergies with the surrounding developments within the townships that are master-planned and developed by the Sponsor. • Continual reassessment of potential asset enhancement initiatives to refresh the properties and maintain their competitiveness.</td>
</tr>
<tr>
<td><strong>Risk Owners</strong></td>
<td>• Chief Executive Officer • Heads of Business Units</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Material Issues</strong></td>
<td>• Indirect Economic Impact • Customer Welfare</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholder Engagement</strong></td>
<td>• Investment Community • Financiers</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td>• Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mitigating Measures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ensured strict compliance with regulatory requirements and standard operating procedures. • Occupational health and safety measures and practices are regularly reviewed and emphasised by human resources departments. • Regular internal audit reviews and weaknesses identified are promptly addressed by the business unit management teams.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OCCUPATIONAL SAFETY AND HEALTH RISK</strong></td>
<td>The risk of loss due to the occurrence of incidents resulting from inadequate or failed internal processes, or systems, or from external events.</td>
<td>Enhancing operational capabilities and agility in a fast-changing business environment.</td>
<td></td>
</tr>
<tr>
<td><strong>Risk Owners</strong></td>
<td>• Human Resources Department • Sunway Group Crisis Management Team</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Material Issues</strong></td>
<td>• Health and Safety • Labour Standard and Practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholder Engagement</strong></td>
<td>• Investment Community • Financiers • Employees • Media • Community</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td>• Government, local authorities, regulators and industry • Business Partners • Suppliers and Contractors</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mitigating Measures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Experienced Business Unit Management Teams with periodic meetings to address issues highlighted at property level. • Proactive interaction with tenants and lessees on their operational needs and support to grow their business, as well as obtaining feedback on building specifications and services. • Early engagement with tenants and lessees on renewal of tenancies. • Continued to leverage the business synergies created by the integrated townships in Sunway City, Sunway Putra and Maintained Penang. Sunway City is supported by excellent infrastructure and connectivity to drive more footfall, as well as ongoing initiatives to promote Sunway City as a tourist destination with Sunway Pyramid Shopping Mall itself as an iconic landmark. Sunway City is also joining New York City and Paris as one of the three United Nations Sustainable Development Solutions Network (UN-SDSN) centres in the world, to coordinate continent-wide sustainability initiatives in Asia, the Americas and Europe/Africa.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TENANCY RENEWAL RISK</strong></td>
<td>The risk of tenancies not being renewed or downsizing due to drop in tenant's business resulting from the enforcement of movement restrictions.</td>
<td>Enhancing the tenancy mix in line with market trends and latest retail developments.</td>
<td></td>
</tr>
<tr>
<td><strong>Risk Owners</strong></td>
<td>• Heads of Business Units • Heads of Leasing</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Material Issues</strong></td>
<td>• Indirect Economic Impact • Customer Welfare</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholder Engagement</strong></td>
<td>• Investment Community • Financiers • Business Partners</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mitigating Measures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## SUNWAY REIT

### MITIGATING OUR RISKS

<table>
<thead>
<tr>
<th>Property Development Risk</th>
<th>Litigation Risk</th>
<th>Interest Rate Risk</th>
<th>Liquidity Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
<td>Risk Owners</td>
<td>Risk Mitigating</td>
<td>Risk Mitigating</td>
</tr>
</tbody>
</table>
| The risk of revenue loss due to a delay in completion, as well as higher completion costs. | • Chief Executive Officer  
• Head of Contracts & Project Management  
• Heads of Business Units | • Chief Executive Officer  
• Compliance Officer | • Chief Financial Officer |
| Material Issues           | Risk Owners    | Risk Mitigating   | Risk Mitigating |
| • Risk and Crisis Management  
• Indirect Economic Impact  
• Health and Safety  
• Labour Standard and Practices | • Corporate Governance  
• Business Ethics  
• Labour Standard and Practices | • Indirect Economic Impact | • Risk and Crisis Management  
• Indirect Economic Impact |
| Stakeholder Engagement*  | Risk Owners    | Risk Mitigating   | Risk Mitigating |
| • Investment Community  
• Financiers  
• Suppliers and Contractors | • Investment Community  
• Financiers  
• Media | • Investment Community  
• Financiers | • Investment Community  
• Financiers |
| Opportunities             | Risk Owners    | Risk Mitigating   | Risk Mitigating |
| Enhancing the depth and breadth of the tenancy mix through new offerings and digital innovation to stay ahead of the competition. | • Qualified team of project managers, contractors and consultants to ensure project delivery in terms of time, cost and quality.  
• Risk assessment were carried out for major projects before approval by the Board.  
• Major projects were awarded based on tenders, and the processes were audited by the IAD based on its risk-based audit approach. | • Engaged a suitable and experienced team of litigation lawyers and independent experts.  
• Burden to proof with the claiming party in terms of the quantity, identity and value of the items claimed.  
• Appropriate strategy led by Senior Management Team.  
• Documentation and evidence that supported the case in terms of quantity, identity and value of items claimed were properly stored.  
• Periodic status meetings were held with lawyers, experts and internal teams to discuss new findings and re-evaluate the appropriateness of the strategy and evidence. | • Maintained the fixed rate borrowings ratio at manageable levels to mitigate the risk of interest rate movements.  
• Monitored the interest rate environment and reviewed and varied capital management strategies in line with the interest rate outlook to optimise the cost of debt.  
• Continuously studied and explored effective hedging instruments and opportunities to hedge. |
| Mitigating Measures       | Risk Owners    | Risk Mitigating   | Risk Mitigating |
| • Key Highlights for FP2021 | • New risk      | • Unchanged       | • New risk      |

**Key Highlights for FP2021**

- **COVID-19 pandemic-specific action plans:**  
  - Strict compliance with standard operating procedures and approval from Ministry of International Trade and Industry (MITI) and any other relevant authorities before commencement of construction works during movement control orders.  
  - Increased plant and resources from construction team to make up the delay.  
  - Reassessment of tendering price against budget and implementation of value engineering for remaining contracts yet to be awarded, as part of cost containment measures.  
  - Closer supervision and monitoring by the project management team – regular meetings with contractors and consultants to discuss progress and issues.

- Conducted pre-leasing and marketing activities for both Sunway Carnival Shopping Mall and Sunway Resort Hotel.

- **Residual Risk Rating**
  - Elevated due to possible delay of property construction works during movement control orders.

- **Capitals**
  - Elevated due to possible interest rate hikes as the economy recovers.
**CLIMATE CHANGE RISK**

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigating Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical risk - the risk of material physical impacts on properties due to floods, water seepage, etc.</td>
<td>✓ Continuously studied and explored initiatives that contributed to environmental sustainability</td>
</tr>
<tr>
<td>Transition risk (regulatory risk) – The risk of penalties being imposed by the government on businesses for carbon emissions.</td>
<td></td>
</tr>
</tbody>
</table>

**VALUATION RISK**

The risk that properties may suffer a decline in value, thus affecting loan covenants and the ability to realise capital gains.

**CYBER RISK**

The risk of operational disruptions and loss of confidential data due to cyberattacks on the IT system.

**Risk Owners**

- Chief Executive Officer
- Chief Financial Officer
- Heads of Business Units

**Material Issues**

- Physical Impacts of Climate Change
- Health and Safety
- Corporate Governance
- Resource Management (Energy)
- Pollution (Waste/Minerals)
- Pollution (Emissions)

**Stakeholder Engagement**

- Investment Community
- Financiers
- Community
- Government, local authorities, regulators and industry affiliations

**Opportunities**

- Reduction in operating costs by improving efficiency in energy, water, waste and materials management.
- Reduction in insurance premiums.
- Developing resilience and adaptive capacity to respond to climate change.

**Key Highlights for FP2021**

- The Jeffrey Sachs Center on Sustainable Development (JSC) was invited to conduct a Value at Risk (VaR) assessment on the exposure of Sunway REIT’s properties to climate change.
- According to the assessment, ten properties had Low VaR and eight properties had Medium VaR. The mitigation plans recommended by JSC to minimise the risks included monitoring drains and gutters and increasing drainage and gutter system capacity.
- In December 2021, two properties of Sunway REIT were affected by one of the worst floods in Malaysia. These properties were sufficiently insured for flood.
- In the 12th Malaysia Plan 2021–2025, the government set an ambitious goal for the country to achieve Net Zero Carbon Emissions by as early as 2050. As part of the commitment, carbon pricing may be introduced by the government to incentivise clean energy adoption, encourage better energy efficiency and ultimately reduce greenhouse gas (GHG) emissions.
- In 2021, we established an Internal Carbon Pricing framework to prepare for the potential transition risks from climate-related issues. It simulated the scenario wherein a cost of RM15 per tonne was imposed on CO2 e emitted above the approved threshold.
- Assessment of physical and environmental risks was included as one of the investment checklist of Sunway REIT.

**Residual Risk Rating**

- Elevated due to the recent proposal by the Ministry of Environment and Water to develop a voluntary carbon market and the floods affecting two properties of Sunway REIT.
- Unchanged

**Capitals**

- Elevated due to increased digitalisation of business operations.
Sustainability has been at the core of Sunway REIT long before sustainable development rose to its current prominence in Malaysia. Leading the organisation in its business strategy, goals, targets and operations, sustainability practices have been embedded in our value creation journey and supported by its sustainability framework in accordance with the 17 UN SDGs. In line with Sunway Berhad’s vision of being Asia’s model corporation in sustainable development, we at Sunway REIT strive to go beyond minimum regulatory compliance to contribute towards building a sustainable future for all.

Our aim is to create long-lasting positive impacts as we continue to adopt and adapt to change, bringing progress to people while protecting the planet. Taking into consideration the impacts of our actions on our stakeholders, we are always identifying opportunities, mitigating risks and engaging with stakeholders to identify their key concerns and meet their needs.

In 2021, we continued to create value in the areas of Environmental, Social and Governance (ESG) by strengthening our strategy, policies and frameworks and implementing robust initiatives and programmes.

Going forward, we will place greater focus on governance to uphold good business ethics and integrity, which are fundamental to the long-term sustainability of the Company. We will also step up our climate action and further enhance our sustainability strategy and framework from time to time to continue to create value for all.
SUNWAY REIT

JOURNEY

About
This Report
We Are
Sunway Reit
Leadership That
Drives Strategic Progress
Performance
Review
How We
Create... Framework Of
Trust And Accountability
Integrated
Annual Report
2021

SUNWAY REIT
approach for strategic commitment to sustainable development practices and as an integral part of incorporated for the first time into the Integrated Annual Report

Established 4 sustainability pillars:
Marketplace
Workplace
Environment
Community

Sustainability Statement
incorporated for the first time
Adopted the following local and international reporting guidelines in our Sustainability Statement:
Bursa Malaysia Sustainability Reporting Guide
Global Reporting Initiative (GRI)

Sunway REIT properties in Sunway City Kuala Lumpur adopted a No-Smoking Policy

Sunway university & college campus was the first Sunway REIT property to install solar PV in Sunway City Kuala Lumpur

Won Industry Excellence Award for Real Estate Investment Trusts (REITs) and Investment Funds category at the National Annual Corporate Report Awards (NACRA) 2016

Sunway REIT properties in Sunway City Kuala Lumpur to obtain green building certification from Malaysia’s Green Building Index (GBI)

MILESTONEs IN 2021

• Constituent of:
  FTSE4Good Bursa Malaysia Index for the 6th consecutive year
• Rated by:
  Morgan Stanley Capital International (MSCI) ESG Ratings
  S&P Global ESG Indices

• Official supporter of the Task Force on Climate-Related Financial Disclosures (TCFD)
• Aiming to achieve Net Zero Carbon Emissions by 2050 and established 2030 Sustainability Goals and Targets
• Established a Sustainability Committee

First REIT in the country to implement food waste composting in hotels and shopping malls. Sunway Pyramid Shopping Mall and Sunway Resort Hotel each invested in a food waste composting machine to convert food waste into compost

Incorporated Sunway Berhad’s Sustainability Policy

Won Gold Award for Environmental, Social and Governance at The Asset ESG Corporate Awards 2019

Merit recognition from the National Annual Corporate Report Awards (NACRA) 2019

Established a Sustainability Working Group across all business segments to facilitate the implementation of sustainability initiatives at property level

Supported the United Nations Sustainable Development Goals (UN SDGs)

First REIT in the country to implement food waste composting in hotels and shopping malls. Sunway Pyramid Shopping Mall and Sunway Resort Hotel each invested in a food waste composting machine to convert food waste into compost

Sustainability Statement
in the Integrated Annual Report

Shortlisted Report for ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2016

Adopted a Sustainability Framework based on Bursa Sustainability Toolkit to formalise approach for strategic commitment to sustainable development practices and as an integral part of approach to risk management

Established a Corporate Social Responsibility (CSR) Framework to guide CSR initiatives

Established a Charity Policy to ensure donations made are within the scope of principles and procedures determined by the Board

Won Gold in Excellence Awards for Companies with RM2 Billion to RM10 Billion in Market Capitalisation at National Annual Corporate Awards (NACRA) 2020

Sunway Malls won the Leadership Award from the Forest Stewardship Council Asia Pacific, becoming the first group of malls in the Asia Pacific to receive the recognition

Acquired The Pinnacle Sunway, which is a green-certified building by Malaysia’s Green Building Index (GBI) and Singapore’s Building and Construction Authority (BCA) GreenMark

Won Industry Excellence Awards
for the first time

Established a CSR Framework to guide CSR initiatives

Supported the United Nations Sustainable Development Goals (UN SDGs)

Merit recognition from the National Annual Corporate Report Awards (NACRA) 2019

Sunway REIT properties in Sunway City Kuala Lumpur to obtain green building certification from Malaysia’s Green Building Index (GBI)

Aiming to achieve Net Zero Carbon Emissions by 2050 and established 2030 Sustainability Goals and Targets

Established a Sustainability Committee

2013
Sunway Clio Hotel was the first Sunway REIT property in Sunway City Kuala Lumpur to obtain green building certification from Malaysia’s Green Building Index (GBI)

2014
Sunway Malls won the Leadership Award from the Forest Stewardship Council Asia Pacific, becoming the first group of malls in the Asia Pacific to receive the recognition

2015
Acquired The Pinnacle Sunway, which is a green-certified building by Malaysia’s Green Building Index (GBI) and Singapore’s Building and Construction Authority (BCA) GreenMark

2016
Won Industry Excellence Award for Real Estate Investment Trusts (REITs) and Investment Funds category at the National Annual Corporate Report Awards (NACRA) 2016

2017
Established a Charity Policy to ensure donations made are within the scope of principles and procedures determined by the Board

2018
Sunway university & college campus was the first Sunway REIT property to install solar PV in Sunway City Kuala Lumpur

2019
Milestones in 2021

2020
Won Gold in Best Integrated Reporting Awards at the National Annual Corporate Report Awards (NACRA) 2018

2021
First REIT in the country to implement food waste composting in hotels and shopping malls. Sunway Pyramid Shopping Mall and Sunway Resort Hotel each invested in a food waste composting machine to convert food waste into compost

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Merit recognition from the National Annual Corporate Report Awards (NACRA) 2019

Established a Sustainability Working Group across all business segments to facilitate the implementation of sustainability initiatives at property level

Supported the United Nations Sustainable Development Goals (UN SDGs)
Materiality assessments are integral in helping us to identify the sustainability issues that matter most to Sunway REIT and its stakeholders. We conduct a materiality assessment once every two years to understand our position, align with industry peers, meet stakeholder needs and address the risks and opportunities of the identified material issues. Assessing our material issues also enables us to engage with our stakeholders and better meet their needs.

In 2021, we conducted an in-depth materiality assessment to assess the issues that will impact us and our stakeholders going forward. As part of the process, we conducted a focus group discussion with the Senior Management from assets managed and carried out an online survey for both internal and external stakeholders based on 18 identified material issues.

Our materiality assessment was conducted according to the following steps:

**STEP 1**
**IDENTIFICATION OF OBJECTIVES AND SCOPE**
We identified the objectives and scope of our materiality assessment.

**STAKEHOLDER GROUPS:**
- **Internal**
  - Senior Management of Business Segments
  - Employees
- **External**
  - Business Partners (Tenants and Lessees)
  - Investment Community (Unitholders, Analysts, Fund Managers)
  - Government, Local Authorities, Regulators and Industry Affiliations
  - Media
  - Communities (Mall Shoppers and Hotel Guests)
  - Suppliers and Contractors

**STEP 2**
**IDENTIFICATION AND CATEGORIZATION OF MATERIAL ISSUES**
18 material issues were identified and categorised according to environmental, social and governance.

**MATERIAL ISSUES:**
1. Corporate Governance
2. Anti-Corruption
3. Risk and Crisis Management
4. Tax Transparency
5. Business Ethics
6. Indirect Economic Impact
7. Physical Impacts of Climate Change
8. Resource Management (Energy)
9. Resource Management (Water)
10. Resource Management (Materials)
11. Pollution (Waste/Effluents)
12. Pollution (Emissions)
13. Human Capital Development
14. Diversity and Inclusion
15. Labour Standard and Practices
16. Community Enrichment
17. Health and Safety
18. Customer Welfare

**STEP 3**
**STAKEHOLDER ENGAGEMENT THROUGH AN ONLINE SURVEY**
An online survey was conducted among internal and external stakeholders. In the first part of the survey, the respondents were asked to rate the significance of each material matter. In the subsequent part of the survey, the respondents were asked to provide their opinions on the importance of sustainability to Sunway REIT and on Sunway REIT’s efforts in embedding sustainability in its business operations.

On the importance of sustainability to Sunway REIT, the stakeholders felt that sustainability enables the organisation to:

- Enhance brand value and reputation
- Improve cost optimisation
- Promote innovation
- Enhance risk management
- Improve productivity

As for embedding sustainability in the business operations, in terms of governance, the stakeholders felt that it should continue to monitor its sustainability practices and improve on its ESG disclosures through measures such as training and having an information-sharing platform for the business segments.

In regard to environmental-related issues, the respondents suggested that Sunway REIT undertake environmental and climate change assessments, further advocate sustainability through its diverse business operations, raise awareness among the community and support environmental NGOs. They also suggested that Sunway REIT improve its green technologies and products to meet stakeholders’ demands for more green products and services.

As for social-related issues, the stakeholders suggested that Sunway REIT set up a social community committee to address its social impacts such as supporting various NGOs and to also increase community engagement. There were also suggestions to promote awareness on social welfare and to increase the upskilling of employees.

Lastly, the results of the online survey were collated and plotted against the importance to business and to stakeholders in a materiality matrix, where the prioritised issues were shown in the top quadrant. The results were as follows:

- **Customer Welfare**
  - Customer welfare refers to the individual benefits derived from the consumption of goods and services.
- **Business Ethics**
  - Business ethics prepare companies to take pre-emptive actions on ESG-related matters.
- **Anti-Corruption**
  - Corruption undermines human development, increases inequality and hinders national and local economies.
- **Health and Safety**
  - A safe and healthy workplace keeps workers safe, increases productivity and boosts employee morale.

A focus group discussion was held following the online survey.
At the focus group discussion, which comprised Senior Management from the different business segments, most of the participants opined that Corporate Governance, Business Ethics and Anti-Corruption were the fundamentals of good governance for any foundation, organisation or even a community. They agreed that the practice of good governance would naturally lead to efficient environmental management and social development. They also agreed that poor governance would expose Sunway REIT to various risks such as legal and reputational risks, which would eventually impact the business.

However, they felt that environmental issues such as Pollution (Waste/Effluents) should be prioritised, given the seriousness of the negative impacts of pollution. This material issue reflects Sunway REIT’s commitment to reducing waste to landfill through initiatives such as investing in food composting machines and distributing compost to the local communities to promote a circular economy.

The group also agreed that Human Capital Development should be given priority to ensure a skilled and knowledgeable workforce for the sustainable growth of the organisation.

Overall, they believed that Sunway REIT should continue to embed sustainability in its business management and operations to ensure continuous value creation for the organisation and its stakeholders.

As a result of the discussion, the focus group felt strongly that three material issues, Pollution (Waste/Effluents), Human Capital Development and Physical Impacts of Climate Change, needed to be prioritised, resulting in seven prioritised material issues.

Physical impacts of climate change such as increased rainfall intensity and frequency and flooding are material to Sunway REIT because the damage to its assets is significant. Thus, Sunway REIT takes steps to conduct a Value at Risk* (VAR) study on its properties to analyse the potential financial implications from these impacts and to take appropriate action to manage its risks.

The seven prioritised material issues stated below reflect Sunway REIT’s commitment to sustainability:

1. Physical Impacts of Climate Change
2. Resource Management (Energy)
3. Resource Management (Water)
4. Resource Management (Materials)
5. Pollution (Waste/Effluents)
6. Pollution (Emissions)
7. Indirect Economic Impact
8. Human Capital Development
9. Diversity and Inclusion
10. Labour Standard and Practices
11. Community Enrichment
12. Health and Safety
13. Customer Welfare
14. Corporate Governance
15. Anti-Corruption
16. Risk and Crisis Management
17. Tax Transparency
18. Business Ethics

For more information on Sunway REIT’s key risks and Value at Risk analysis, please refer to the following sections and pages:

1. For more information on how the Manager engages with its stakeholders, please refer to Corporate Governance Overview Statement - Stakeholder Engagement section.

ENDORSEMENT

The results of the materiality assessment were approved and endorsed by the Board of Directors.

* For more information on Sunway REIT’s key risks and Value at Risk analysis, please refer to the following sections and pages:
The negative effects of climate change have become more extreme in recent years, causing devastating natural disasters that threaten the lives and livelihoods of people. More recently, Malaysia was hit by one of the worst floods in decades and the amount of losses is still being counted at the time of reporting. As extreme weather events are expected to worsen, many countries including Malaysia have declared their support for the Paris Agreement, which calls for limiting global temperature rise to below 2.0°C compared to pre-industrial levels. In line with Malaysia’s commitment, Sunway REIT aims to achieve Net Zero Carbon Emissions by 2050 to combat climate change through robust policies and strategies that are guided by globally recognised frameworks. This includes reporting our disclosures in accordance with the recommendations of the TCFD. Our efforts towards achieving net zero carbon emissions will be supported by a stronger strategy in the management of Sunway REIT’s material sustainability risks and opportunities.

**ACHIEVING NET ZERO CARBON EMISSIONS BY 2050**

In supporting national and global decarbonisation goals, Sunway REIT has established and issued its inaugural Sustainability-Linked Bond (SLB) under the existing unrated medium-term notes (MTNs) programme of SUNREIT Unrated Bond Berhad (SUB). SUB has mandated OCBC Bank (Malaysia) Berhad (OCBC) as the sustainability structuring coordinator of the medium-term notes.

OCBC was also tasked to review the alignment of Sunway REIT’s overall sustainability agenda, encompassing its ESG initiatives, in accordance with sustainable financing principles developed by capital market regulators. In December 2021, SUB issued the first tranche of the SLB, which features a pricing adjustment mechanism benchmarked against the achievement of the predetermined Sustainability Performance Targets (SPTs). The SPTs are measured against two selected Key Performance Indicators (KPIs), which are core, relevant and material to the business of Sunway REIT. The KPIs measure sustainability improvements of Sunway REIT in terms of renewable energy consumption and energy efficiency. The selected KPIs are:

- **KPI 1: Annual Renewable Energy Generation (MWh)** (primarily provided by existing rooftop solar photovoltaic (PV) system on Sunway university & college campus); and
- **KPI 2: Building Energy Intensity (BEl)** measured in terms of kWh/m²/year (the weighted average of Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Sunway Putra Mall).

The success of the SLB issuance represents the next big step for Sunway REIT in integrating ESG practices at the heart of its financing strategy.

**Legend: Progress Tracking**

- **Progressing with delays**, to review current approach
- **Progressing but slightly behind target**, to increase efforts
- **Progressing well and on track to achieve targets by 2030**

### Future Value Goals

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target</th>
<th>2030 Targets</th>
<th>FP2021 Performance (Jul 2020 - Dec 2021)</th>
<th>CY2021 Performance (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Goal 1:</strong> Transforming Our Portfolio to Low-Carbon Assets</td>
<td></td>
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<tr>
<td><strong>Capital</strong></td>
<td>Natural Capital, Manufactured Capital, Social and Relationship Capital</td>
<td></td>
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<tr>
<td><strong>Material Issues</strong></td>
<td>Physical Impacts of Climate Change, Resource Management (Energy), Resource Management (Water), Pollution (Waste/ Efluentes), Pollution (Emissions)</td>
<td></td>
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</tr>
<tr>
<td><strong>KPI 1:</strong> To achieve average 4% reduction annually of Building Energy Intensity (BEl) from 2022 to 2030,</td>
<td>At least 25% of electricity from renewable energy source</td>
<td>(kWh/m²/year)</td>
<td></td>
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</tr>
<tr>
<td>starting from the Green Building Index’s BEl baseline minimum based on different business segments</td>
<td>at 2030 (5% locally generated, 20% purchased from green sources/solar farms)</td>
<td>Office: 96</td>
<td>Retail: 186</td>
<td>Hotel: 186</td>
</tr>
<tr>
<td></td>
<td>1.34% (3,094 MWh) of electricity was generated from our solar panels</td>
<td></td>
<td>Retail: 206</td>
<td>Hotel: 178</td>
</tr>
<tr>
<td></td>
<td>1.34% (2,240 MWh) of electricity was generated from our solar panels</td>
<td></td>
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<td></td>
<td>40% waste diverted from landfill by 2030</td>
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<tr>
<td></td>
<td>6% waste diverted</td>
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<tr>
<td></td>
<td>5% waste diverted</td>
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</tbody>
</table>

### GOVERNANCE

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target</th>
<th>2030 Targets</th>
<th>FP2021 Performance (Jul 2020 - Dec 2021)</th>
<th>CY2021 Performance (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal 4:</strong> Respecting Ethical Principles</td>
<td></td>
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<tr>
<td><strong>Capital</strong></td>
<td>Social and Relationship Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Material Issues</strong></td>
<td>Indirect Economic Impact, Corporate Governance, Anti-Corruption, Business Ethics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>KPI 1:</strong> Zero tolerance for bribery and corruption</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>KPI 2:</strong> Zero confirmed incidences</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td><strong>KPI 3:</strong> Zero confirmed incidences</td>
<td></td>
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</tbody>
</table>
Sunway REIT is committed to reducing the impacts of global warming and achieving Net Zero Carbon Emissions by 2050. In the year under review, we aligned the reporting of our climate action to the TCFD’s four overarching recommendations to enable us to identify climate-related risks and opportunities and ensure we remain resilient during the transition to a lower-carbon economy. The four recommended areas of disclosures are Governance, Strategy, Risk Management and Metrics & Targets.

Sunway REIT’s sustainability governance is led by the Sunway REIT Sustainability Committee.

Sunway REIT has been disclosing Scope 1, 2 and 3 greenhouse gas (GHG) emissions of our operations since 2016. To ensure proper accounting of our GHG emissions, we integrate our data on emissions generated by using the relevant emission factors from the Department for Environment, Food & Rural Affairs (DEFRA), United Kingdom and Malaysian Green Technology and Climate Change Centre (METCC). Our carbon emissions are calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute’s (WBCSD/WRI) GHG Protocol, a corporate accounting and reporting standard. The protocol is currently deemed best practice for corporate or organisational emissions reporting.

Sunway REIT has set four goals and eight targets to achieve by 2030, which have been endorsed by the Sustainability Committee in 2021. The targets include targets for energy and water usage, waste generation and supply chain. The progress against the targets is tracked and reported annually in our Sustainability Statement, which serves as a guide for us towards meeting our 2030 goals progressively.

### TOTAL CO₂e EMISSIONS AND CO₂e EMISSIONS AVOIDANCE

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂e emissions</th>
<th>CO₂e emissions avoidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>14,975</td>
<td>1,251</td>
</tr>
<tr>
<td>2017</td>
<td>12,963</td>
<td>1,146</td>
</tr>
<tr>
<td>2018</td>
<td>11,774</td>
<td>1,072</td>
</tr>
<tr>
<td>2019</td>
<td>13,862</td>
<td>35,936</td>
</tr>
</tbody>
</table>

**SCOPE 1**
- Purchased electricity: 10,910 tonnes CO₂e
- Waste generated in operations: 1,575 tonnes CO₂e
- Business Trip (Travel, Energy): 1,575 tonnes CO₂e

**SCOPE 2**
- Purchased electricity: 82,000 tonnes CO₂e
- Downstream Leased Assets: 113,904 tonnes CO₂e
- Waste generated in operations: 2,885 tonnes CO₂e
- Waste generated in operations: 1,944 tonnes CO₂e
- Purchased goods and services: 262 tonnes CO₂e

**SCOPE 3**
- Business Trip (Travel, Energy): 4,460 tonnes CO₂e
- Waste generated in operations: 6,543 tonnes CO₂e
- Purchased goods and services: 200 tonnes CO₂e

Note: CO₂e emissions refers to carbon dioxide equivalent emissions.

One of the 2030 targets that we have set is to achieve an average 4% annual reduction in Building Energy Intensity (BEI) using 2021 as a baseline in three phases. We also target to source at least 25% of electricity from renewable energy source by 2030.

### INTERNAL CARBON PRICING FRAMEWORK

We have set clear targets to drive our decarbonisation efforts, which include reducing energy consumption through improving energy efficiency and substitution with cleaner energy sources. This year, we established an Internal Carbon Pricing framework to start preparing for the potential transitional risks from climate-related issues. The carbon pricing framework simulates the scenario wherein a cost of RM15 per tonne is imposed on CO₂e emitted above the Management-approved limit for each business segment.

### VALUE AT RISK (VaR) ASSESSMENT

As part of our risk management approach towards climate-related issues, we have appointed the Jeffrey Sachs Center on Sustainable Development (JSC) to conduct a Value at Risk (VaR) assessment on our properties to assess Sunway REIT’s risk exposure to climate change. JSC has categorised the levels of VaR as below:

- Vulnerable to physical risks due to sea level rise (SLR) or higher rain density
- Vulnerable to material physical risks (i.e. Max historical annual damages cost ratio >>5%)
- Not Vulnerable to large potential damages physical risks
- Low vulnerability to physical risks due to SLR or higher rain density

JSC assessed all our 18 properties, including leased properties, across the business segments against two types of climate risks:

**Physical Risks**
- The risks of climate events that physically damage properties in Sunway REIT’s portfolio.
- Increased rainfall intensity, which can lead to more flash floods and water seepages into buildings.

**Transition Risks**
- The risks of regulatory costs that may be imposed on Sunway REIT such as carbon tax introduced by the government to transition to a low-carbon economy.

### GOAL 1:
TRANSFORMING OUR PORTFOLIO TO LOW-CARBON ASSETS

GRI 2-22, 305-1, 305-2, 305-3
SUNWAY REIT

GOAL 1: TRANSFORMING OUR PORTFOLIOS TO LOW-CARBON ASSETS

The impacts of climate change are real, and they are fast affecting the world, especially developing countries. Climate change will not only impact our ecological systems and cause severe natural disasters, but will also affect our access to natural resources and impact industries and business operations, leading to financial losses and disrupted business growth.

CARBON EMISSIONS MANAGEMENT
GRI 203-1, 203-2, 302-4, 305-5

In our effort to move towards a low-carbon economy, Sunway REIT is gradually shifting towards the use of renewable energy such as solar energy to reduce greenhouse gas (GHG) emissions. Through a strategic approach, we constantly review our targets against global standards and best practices to continuously improve our decarbonisation efficiency in all our operations.

As part of our decarbonisation effort, we continued to provide 14 charging stations for electric cars at Sunway Pyramid Shopping Mall. This is to encourage the use of electric vehicles that help decarbonise both transport and electric supply via reduced tailpipe emissions from vehicles. Our carbon emissions increased by 21,087 tonnes CO₂ e from FY2020 to FP2021 due to the longer financial period in FP2021. However, our carbon emissions showed a reduction of 20,571 tonnes CO₂ e from FY2020 to CY2021. This was due to current MCO in the country, however, we have continuously increased our efforts to reduce emission by installing solar PV at our properties, diverting waste from landfills and practising sustainable purchase of goods and services.

For more information on CO₂ e emissions Metrics & Targets, please refer to page 142.

Sustainable Building Certifications Achieved:

01 Certified Grade A with Singapore’s Building and Construction Authority (BCA) GreenMark Gold
02 Certified Malaysia’s Green Building Index (GBI)
03 Accredited Multimedia Super Corridor (MSC)

GOAL 1: TRANSFORMING OUR PORTFOLIOS TO LOW-CARBON ASSETS

Green buildings are an important element in sustainable communities due to their positive impacts on the environment, the economy and society. Besides emitting lower carbon emissions, these buildings also use less water and increase property value. Incorporated with sustainable designs such as natural lighting and better ventilation, the buildings naturally promote greater health and well-being among their occupants.

Sunway REIT adapts to climate change by striving for green building standards in its properties. Currently, Sunway REIT has three green-certified buildings, which are The Pinnacle Sunway, Sunway Carnival Shopping Mall and Sunway Clio Hotel. As part of our journey towards low-carbon assets, we target to have more of our properties green-certified, including Sunway Putra Mall and Sunway Resort Hotel.

THE PINNACLE SUNWAY
Built With Sustainable Designs

01 Reduced windows-to-wall ratio and the use of high-performance glazing as well as aluminium spandrel to reduce heat conduction
02 Selected glazing was used to reduce noise penetration
03 Air-Conditioning and Mechanical Ventilation (ACMV) systems are installed to ensure pre-cooled fresh air while carbon dioxide sensors are used to control the quality of the fresh air to ensure energy efficiency. A non-chemical water treatment system is used for the condenser water to allow optimum performance and maintenance to be carried out safely
04 All ceiling boards and partitions for tenanted areas are made with more than 30% recycled content while recycling bins are provided on every level
05 Digital sub-meters are used to monitor the energy performance of the building
06 The basement car park is mechanically ventilated and installed with carbon monoxide sensors to ensure the air is safe
07 All lifts are energy-efficient and are in hibernation mode during off-peak hours
08 The building is equipped with motion sensors and energy-efficient TS and LED lighting
09 All adhesives, sealants and paints are low-Volatile Organic Compounds (VOC), which are safe for the environment and people
10 Stormwater is harvested from the lower roof and the surrounding area for irrigation and all toilets are fitted with water-efficient fittings
11 Water sub-meters are used to monitor water usage and detect leakages in the early stage

Sustainable Building Certifications Achieved:

01 Certified Grade A with Singapore’s Building and Construction Authority (BCA) GreenMark Gold
02 Certified Malaysia’s Green Building Index (GBI)
03 Accredited Multimedia Super Corridor (MSC)

01 Sunway Carnival Shopping Mall
GreenMark - Gold Plus
(Provisional Cert)
02 Sunway Clio Hotel
GreenMark - Gold
(Provisional Cert)
03 The Pinnacle Sunway
GreenMark - Gold
GBI - Certified
04 Sunway Putra Mall
Target GreenRE - Gold
05 Sunway Resort Hotel
Target GreenRE - Gold
06 Sunway Carnival Shopping Mall Expansion
Target GreenRE - Gold
Target GreenMark - Gold

Green Buildings
GRI 203-1, 203-2, 302-4, 305-6

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**ENERGY MANAGEMENT**

At Sunway REIT, we are proactive in minimising our carbon footprint. Apart from implementing various initiatives to reduce our energy consumption, we monitor our energy intensity by setting an energy intensity target for each business segment and investing in renewable energy. Minimising energy consumption and ensuring optimal energy usage will help to lower our carbon emissions, thus allowing us to contribute to Malaysia’s commitment to reducing GHG emissions by 45% by 2030.

Sunway REIT has invested in renewable energy as part of Sunway’s long-term project to reduce fossil fuel consumption. In FP2021, 3,094 MWh of solar energy was generated from solar PV installed at Sunway Pyramid shopping mall, Sunway medical centre (Tower A & B). We target to have at least 25% of our electricity generated from renewable energy sources by 2030.

In FP2021, the BEI for office and retail segment decreased from lesser energy consumption due to the governments’ announcement of the MCO. The MCO has resulted in most offices and retail units being closed unless they were classified as essential services. On the contrary, the hotel segment showed a 1% increase in FP2021 from FY2016. The higher energy consumption could be due to renovation and upgrading works at certain hotels despite lower occupancy from MCO.

We continued implementing energy conservation initiatives, such as ensuring the use of energy-efficient appliances, replacing LED lighting and monitoring the use of air-conditioning systems. It is also our general practice to communicate energy-saving reminders to employees. As a result, we estimated a total savings of more than 11,000 MWh due to energy-efficient initiatives across all the operations, which was equivalent to the energy used by 339 houses in a year.

For more information on Sunway REIT’s energy intensity targets, please refer to page 140.

**WE REDUCE ENERGY CONSUMPTION THROUGH THESE EFFORTS**

**EARTH HOUR LIGHTS OFF**

All Sunway REIT business segments took part in this initiative by switching off any non-essential lights in common areas and on the facades of their buildings. The initiative helped to save electricity and create awareness on energy reduction as well as reducing the impacts of global warming.

**UTILISING ENERGY-EFFICIENT APPLIANCES**

Menara Sunway utilised energy-efficient appliances by replacing analog thermostats with digital thermostats and upgrading closed-circuit television (CCTV) cameras to reduce electricity consumption.

At Sunway Putra Tower, four lifts were refurbished (CCTV) cameras to reduce electricity consumption. At Sunway Putra Hotel and Sunway Hotel Georgetown completed the replacement of LED lighting at balconies and common areas.

**OTHER ENERGY-SAVING INITIATIVES**

Sunway Offices maximised the use of natural lighting and ventilation and switched off air conditioning and lighting at vacant units as well as tenanted levels during the MCOs, while only selected car parks were operating.

Sunway Resort Hotel, Sunway Oio Hotel and Sunway Pyramid Hotel reduced energy consumption by limiting the number of lights in use during the MCOs, reducing the hot water temperature in guest rooms by adjusting thermostat set points from 55°C to 50°C, dimming lights by 30% in lobby and public areas through dimmer controllers and turning off 50% of lights in car parks.

Sunway Putra Hotel and Sunway Hotel Georgetown completed the replacement of LED lighting at balconies and common areas.

Almost all Sunway REIT offices have completed switching to LED lighting. In FP2021:

- Menara Sunway replaced the LED lights at the foyer of its main building and annex.
- At Wisma Sunway, T5 fluorescent lights were replaced with LED lights, which were estimated to save more than 4,600 kWh per month.
- Sunway Putra Tower replaced T5 fluorescent lights with LED lights in its lift lobby, river room and common areas, which were estimated to save more than 650 kWh per month.
- Sunway Putra Mall completed replacing all the lights in common areas with LED lighting to reduce operating cost and maintenance.

**LED LIGHTING**

Sunway Putra Hotel and Sunway Hotel Georgetown completed the replacement of LED lighting at balconies and common areas.

**ENERGY-EFFICIENT AIR CONDITIONING SYSTEM**

Sunway Malls ensured their air conditioning systems were adjusted according to the condition of the buildings to save energy.

Menara Sunway used a magnetic bearing system in car parks.

Menara Sunway replaced the LED lights at the foyer of its main building and annex.

At Wisma Sunway, T5 fluorescent lights were replaced with LED lights, which were estimated to save more than 4,600 kWh per month.

Sunway Putra Tower replaced T5 fluorescent lights with LED lights in its lift lobby, river room and common areas, which were estimated to save more than 650 kWh per month.

Sunway Putra Mall completed replacing all the lights in common areas with LED lighting to reduce operating cost and maintenance.

**EARTH HOUR LIGHTS OFF**

LED LIGHTING

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Sunway Putra Mall completed replacing all the lights in common areas with LED lighting to reduce operating cost and maintenance.
Water is an essential natural resource for every community and industry. While Sunway REIT’s businesses are not water-intensive, water is vital for smooth daily operations in our Hotel and Retail segments. Any disruptions to our water supply will impact our tenants, hotel guests and our businesses, potentially exposing the Company to reputational and financial risks.

We are cognisant of our role in ensuring efficient water management and have taken a proactive approach in conserving the natural resource by embedding water-saving initiatives in our daily operations. We have reduced more than 1.16 million m$^3$ of water consumption from the municipal potable water supply, which is equivalent to 464 Olympic-sized swimming pools.

The overall water consumption in CY2021 showed a decrease compared to FY2020 performance due to the current MCO. The water consumption for FY2022 may change subject to the restriction or relaxation of business operation matters. The water use intensity of all business segments decreased in FP2021 likely due to lesser water consumption during the MCO. Managed Assets: Water Use Intensity (m$^3$/m$^2$/year)

GOAL 1: TRANSFORMING OUR PORTFOLIOS TO LOW-CARBON ASSETS

WE CONSERVE WATER THROUGH THESE EFFORTS

1. Water Crisis SOPs
   - All Sunway REIT properties have established water crisis Standard Operating Procedures (SOPs) to address the issue of water disruption. The SOPs cover:
     - Emergency planning to address a water disruption that occurs during business operation hours

2. Water-saving Initiatives
   - Installing water-efficient fittings such as sensor taps, new faucets and water-efficient taps

3. Alternative Water Sources
   - Apart from municipal potable water, we consume water from alternative water sources including:
     - Lake water
     - Rainwater

Rainwater harvesting system

Municipal Potable Water

Water Treatment Plant

Water Use Intensity (m$^3$/m$^2$/year)

Managed Assets: Total Water Consumption (%) by Business Segments

Managed Assets: Total Water Consumption (m$^3$) by Business Segments

GFA (m$^2$)('000)

Managed Assets: Total Water Consumption (%)

Gross Floor Area (m$^2$)('000)

Water Consumption (m$^3$)

Note: I. Managed Assets include properties from Office, Retail and Hotel segments.
     II. Figures stated may not add up due to rounding of decimals.
WASTE MANAGEMENT

Proper waste management is imperative for the sustainability of our business operations and the communities in which we operate. Lack of proper waste management will lead to negative environmental and social impacts, which may affect our licence to operate and expose us to reputational and legal risks.

At Sunway REIT, our waste management is focused on the prevention and reduction of waste through a six-level waste management hierarchy. We also comply with all the necessary local regulatory rules and work closely with the local communities to reduce and reuse waste where possible. In FP2021, there were zero fines for non-compliance with environmental and social impacts, which may affect our licence to operate and expose us to reputational and legal risks.

Since the launch of the Sunway Smart Parking System in 2019, the printing of 3.53 million parking tickets was avoided, which is equivalent to 282 kg of paper.

For more information on the Sunway Smart Parking System, please refer to page 159.

GOAL 1: TRANSFORMING OUR PORTFOLIOS TO LOW-CARBON ASSETS

• During Sunway Resort Hotel’s refurbishment, the hotel donated, transferred and sold its old furniture and fittings to charity homes, staff and other business segments, as well as to other Sunway hotels. The effort was part of the hotel’s aim to divert waste from landfill and encourage the use of reusable items.

• All our business segments reuse the decorative items for festive seasons each year, thus minimising waste and resources.

• Sunway REIT contributes old clothes and fabrics to charitable organisations and to a non-governmental organisation, Kloth Cares Fabric Recycling Movement, which aims to save two million kilogrammes of unwanted fabrics from being sent to landfills. Kloth Cares bins are placed at selected Sunway malls and hotels for employees and shoppers to donate unwanted clothes and fabrics. In FP2021, Sunway Putra Mall rewarded its shoppers with Kloth Cares pouches for donating old clothes to Kloth Cares.

Any waste that cannot be recycled or recovered is carefully disposed of in compliance with local environmental laws and regulations. Hazardous waste generated on-site is properly stored and transported to licensed facilities by authorised contractors.
A circular economy takes place when the end-of-life of a product or a material is restored and turned into a useful resource that eliminates waste. Generating a circular economy will help to reduce waste and ultimately contribute to climate action.

Food waste is one of the largest amounts of waste sent to landfills. In Malaysia, the Solid Waste and Public Cleansing Management Corporation reported that more than 16,600 tonnes of food are wasted every day, of which about 24% are edible and capable of feeding close to three million people a day.

At Sunway REIT, responsible sourcing goes beyond appointing suppliers who demonstrate sustainability practices. Our approach is both external and internal, whereby we not only assess and guide our suppliers in ESG-compliance, but also provide sustainability training to our employees to ensure a robust and sustainable supply chain in our value creation journey.

Our suppliers are given equal access to purchasing opportunities via credibility screening, which involves a tendering and bidding process that is done both online and offline, guided by transparent procurement policies and practices. They are also required to:

1. Comply with Sunway REIT’s Supplier Code of Conduct and Sustainable Procurement Policy, which are adopted from Sunway Berhad, and Sunway’s policies and procedures, including conflicts of interests, procurement relationships and Code of Conduct & Business Ethics.
2. Comply with all relevant ethical laws and regulations, including fair trade practices and intellectual property rights, as well as laws against bribery, kickbacks and fraud.
3. Observe all applicable labour and employment laws, ordinances, by-laws, rules, regulations or orders, and stipulations on how information is managed, monitored and reviewed.

Sunway REIT’s procurement budget was used for significant locations of operations, which included operations in Malaysia.

Sunway REIT’s staff from the Contract & Project department attended the Sustainable Procurement Training.

Sunway REIT’s suppliers from goods and services procured from suppliers.

In 2020, Sunway Berhad developed a Sustainable Procurement Policy to establish a best practice approach to sustainable procurement. This year, Sunway REIT adopted the policy and required all suppliers who completed the supplier registration forms to declare their current ESG practices via Supplier Environmental and Social Risk Assessment forms. The information provided was recorded and kept by all business segments. We introduced sustainable procurement best practices to our employees to ensure a robust and sustainable supply chain in our value creation journey.

In FP2021, the inspection audit checklist for suppliers is being updated to incorporate sustainability criteria.

Preference may be given to suppliers that adopt good ESG practices in the selection process.

The measurable reduction in environmental impact from goods and services procured from suppliers is recorded and reported annually.

Sunway REIT is aligned with Sunway Berhad’s Sustainable Procurement Policy, which is accessible through the corporate website.
Sunway REIT is committed to protecting the interests of both the Manager’s employees and the local communities in which it operates. To continue to create value for our stakeholders, we strive to help our people grow professionally while keeping them safe and well at the workplace. The Manager’s employees are also encouraged to volunteer in community engagement programmes to create long-lasting positive social impacts.

OUR PEOPLE

Our employees are our most precious asset and the backbone of our organisation. We believe that it is vital for us to prioritise their needs, health and safety by going beyond regulatory compliance and ensuring job satisfaction. Fulfilling the needs of our people is key to the long-term growth of our business organisation.

During the year, our commitment to the health and safety of our people was recognised by Randstad Malaysia, a leading global human resources consultancy firm, which named us as the only local private sector conglomerate among the top 10 most attractive employers to work for in Malaysia in 2021.

DIVERSITY AND INCLUSION

GRI 2-7, 3-3, 202-2, 401-1, 405-1, 406-1

Diversity and inclusion are among the most important issues for Sunway REIT because they promote diverse perspectives, which will lead to innovation and enable our business to thrive even in the most difficult of times. Guided by Sunway Berhad’s Diversity and Inclusion Policy, the Manager strives to provide equal opportunities to all employees at all levels, regardless of gender, age, ethnicity, disability, religion or any other status.

WORKPLACE

Nurture a workplace environment that values and utilises the contributions of employees with diverse ideas, backgrounds, experiences and perspectives for the growth of the Company and the success of the customers and communities we serve.

TALENT

Respects and values each other’s differences, and encourages collaboration, flexibility and fairness, where every employee has equal opportunity to develop skills and talents consistent with our values and business objectives.

ETHICS

Promote dignity and respect for all, with zero tolerance for direct or indirect discrimination, victimisation, intimidation, bullying or harassment in the workplace.

IMPACT STORY: Sunway Smart Parking System

Sunway Malls has avoided printing 3.52 million parking tickets since the launch of the Sunway Smart Parking System in 2019, equivalent to avoiding 282 kg of paper weighing. The system, which recognises car registration numbers, replaced ticket issuing machines to ensure a ticketless and cashless experience. The Sunway Smart Parking System is Malaysia’s largest fully unified smart parking system with multiple cashless payment options.

The benefits of the Sunway Smart Parking System include:

- Promoting paperless habit
- Allowing a hassle-free experience for users
- Reducing paper waste

Sunway Malls’ most notable effort is its commitment to providing toilet paper from FSC-managed forests and FSC-certified mills, which helps to safeguard the sustainable cycle of responsible harvesting and replanting to maintain the ecology of the forests. Friendly notices, which are placed in every washroom to educate and remind shoppers to save the trees by reducing paper wastage, helped to save 35 million sheets of paper in 2021.

In September 2021, Sunway Malls and Sunway XFarms co-organised the FSC Friday 2021 Virtual Event with FSC. Themed “Save Our Forests. Save Our Climate,” the event covered topics on sustainable products including sustainable wood crafting and sustainable paper sourcing and products. In addition, Sunway XFarms and Sunway Malls shared their experiences as FSC promotional licence holders with the 66 participants, who were also given a virtual tour of the Taman Tugu Forest.

Sunway XFarms’ participation as a co-organiser supported Sunway Malls’ advocacy of FSC’s aim of matching market supply and demand for sustainable products. The event was also aligned with Sunway XFarms’ objective to scale and operate sustainable urban farms with pesticide-free produce that are close to consumers, thus reducing carbon footprint, food wastage and nutrition lost through complex food travel processes.

For more information on Sunway XFarms, please visit www.sunwayxfarms.com/.

SUNWAY REIT

GOAL 2:
ADVOCATING A RESPONSIBLE VALUE CHAIN

Since gaining recognition from the Forest Stewardship Council (FSC) in 2019 as a leader in the Asia Pacific in promoting forest sustainability awareness and educating shoppers, Sunway Malls has continued to implement eco-friendly efforts.

Sunway Malls’ participation as a co-organiser supported Sunway Malls’ advocacy of FSC’s aim of matching market supply and demand for sustainable products. The event was also aligned with Sunway XFarms’ objective to scale and operate sustainable urban farms with pesticide-free produce that are close to consumers, thus reducing carbon footprint, food wastage and nutrition lost through complex food travel processes.

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SUNWAY REIT

GOAL 3:
INVESTING IN COMMUNITY INCLUSIVITY

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For more information on Sunway XFarms, please visit www.sunwayxfarms.com/.

SUNWAY REIT
HUMAN CAPITAL DEVELOPMENT

GOAL 3: INVESTING IN COMMUNITY INCLUSIVITY

The Manager has 22 employees who are 100% domestic, including Senior Management.

As a forward-looking Manager, we fully support the professional and personal aspirations of our people by providing a continuous learning and development environment at the workplace. We nurture our people by equipping them with industry knowledge and leadership skills as we seek to shape a high-performing workforce.

IN FP2021, WE ACHIEVED

1,220 TOTAL LEARNING HOURS

AN AVERAGE OF

55 TRAINING HOURS PER EMPLOYEE PER YEAR (EXECUTIVE LEVEL AND ABOVE)

TOTAL INVESTMENT IN TRAINING AND DEVELOPMENT

RM16,754

Amid disruptions from the pandemic, our employees continued to attend learning and development programmes through our three main learning platforms:

The learning platforms offer a wide range of topics that include professional certification, team building, leadership and soft-skills training. Most of the programmes were conducted online in the year under review to maintain social distancing and curb the spread of the virus.

LEADERSHIP PROGRAMMES

To nurture young leaders and develop a leadership pipeline, the Sunway Group’s leadership programme, Excellence in My Career and Leadership (ExCeL®Sunway), supports employees in their leadership and career development. Established in 2018, the platform helps to identify growth areas in both personal and professional capacities, facilitates frequent and meaningful career conversations with leaders and develops personalised learning opportunities and a focused development journey.

The ExCeL® programme is open to all Sunway employees who wish to develop leadership qualities. Growth areas are identified through our Leadership Development Centre with a concerted effort from Sunway leaders across Sunway Group to ensure consistency in standards and expectations.

Sunway Group’s other leadership competencies training programmes include First-Time Manager, Situational Leadership® II and 7 Habits of Highly Effective People.

LEARNING AND DEVELOPMENT PROGRAMMES IN 2021

Types of Learning and Development Courses and Programmes

- People Manager Series: Quality Conversation (Part 2)
- Personal Finance Talk
- Self-Disruptive Leader by Korn Ferry

Webinars

- The Power of Self-Reflection
- Combating Burnout Virtual Talk
- Happiness Talk
- Parenting Talk
GOAL 3: INVESTING IN COMMUNITY INCLUSIVITY

EMPLOYEE ENGAGEMENT

Engaging regularly with our employees is vital for the sustainable growth of our business organisation. Through employee engagement, we will better understand the needs of our people and fulfill their demands, ultimately enabling us to provide job satisfaction and retain our talent pool.

We engage with our employees through various channels of engagement such as birthday celebration gatherings, festive celebrations and team-building events. In terms of changes in employment terms and conditions, our employees will be notified based on the discretion of the Management as well as on an individual case basis.

However, in the year under review, we acknowledged that it was more important than ever to engage with our employees to ensure their mental well-being amid the new normal of working from home. We continued to hold dialogue sessions, albeit online via digital platforms, to communicate with employees and address issues such as safety concerns amid the ongoing health crisis.

Employees were also notified of return-to-work SOPs towards the end of the MCO, under which only fully vaccinated employees were allowed to return to work. Employees were also given a “Return to Office Care Kit” each, which consisted of face masks and self-testing kits, while new hires were presented with a “New Hires Care Kit” and a “Kelab Sosial Sunway Care Kit” each.

For more information on return-to-work SOPs, please refer to the COVID-19 Business Continuity Plan, on page 49.

In FP2021, 100% of our employees received a performance review.

Employee Benefits

At Sunway REIT, we go beyond regulatory compliance to compensate the contributions of our employees. Our salary structure is reviewed every year against industry peers and best practices. In addition to ensuring monthly salaries, we offer our full-time employees a set of comprehensive benefits that are competitive and relevant to current needs.

<table>
<thead>
<tr>
<th>PROGRAMMES</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting Working Mothers</td>
<td>• Our premises offer designated car parks and escort assistance by security officers. • Mothers’ rooms are provided to facilitate the needs of mothers who wish to continue breastfeeding after returning to work from maternity leave. • This subsidy is available for up to two children per family, with a maximum monthly amount of RM200 per child. • Childcare subsidies of up to RM2,400 are tax-exempted.</td>
</tr>
<tr>
<td>Childcare Subsidy</td>
<td>• Sunway Group partially subsidises the tuition fees for R.E.A.L. Kids Sunway and The Parenthood, as well as the fees for Sunway Little Sunshine, a childcare centre catering to babies from two to three months old, if parents are employees.</td>
</tr>
<tr>
<td>Leave</td>
<td>• Extended maternity leave • Maternity leave • Medical/hospitalisation leave • Parental/childcare leave • Maternity leave • Special leave (e.g. compassionate leave, marriage leave) • Examination/study leave</td>
</tr>
<tr>
<td>WORK + LIFE INTEGRATION</td>
<td>• Sunway Group acts as a co-investor in our integrated communities and we manage our assets within them. • As part of our long-term co-investor proposition, we encourage Sunway employees to be part of the communities they serve and live, learn, play and be healthy alongside our communities. • Live: discounts on property purchases. • Learn: discounts on selected educational programmes in all our learning institutions. • Play: discounts on theme park tickets, hotel room rates and food &amp; beverages. • Health: discounts on healthcare services.</td>
</tr>
<tr>
<td>Kelab Sosial Sunway</td>
<td>A social club for Sunway employees that organises various activities such as: • Blood donation drives • CSR activities • Donation drives • Health talks • Sports and recreational activities</td>
</tr>
<tr>
<td>Staff Discounts</td>
<td>• Sunway Group subsidises for up to two children per family, with a maximum monthly amount of RM200 per child.</td>
</tr>
<tr>
<td>Staff Medical &amp; Life Coverage</td>
<td>• Medical coverage is provided to all staff, including both inpatient and outpatient care.</td>
</tr>
<tr>
<td>Return to Office Care Kit</td>
<td>• Dental and optical benefits are extended to permanent confirmed executives; they are eligible for a maximum amount of RM500 per year. • For permanent confirmed non-executives, they are eligible for a maximum amount of RM190 per year for dental benefits.</td>
</tr>
<tr>
<td>Health and Well-Being Initiatives</td>
<td>• Dental and optical benefits are extended to permanent confirmed executives; they are eligible for a maximum amount of RM500 per year. • For permanent confirmed non-executives, they are eligible for a maximum amount of RM190 per year for dental benefits.</td>
</tr>
<tr>
<td>Staff Medical &amp; Life Coverage</td>
<td>• Medical coverage is provided to all staff, including both inpatient and outpatient care.</td>
</tr>
</tbody>
</table>

In order to support key community initiatives, Sunway REIT has provided care kits that include face masks, COVID-19 self-testing kits, and other items as part of its commitment to the well-being of its employees.
GOAL 3: INVESTING IN COMMUNITY INCLUSIVITY

PROGRAMMES DESCRIPTION

HEALTH AND WELL-BEING INITIATIVES

Employee Health Screening
- Employee health screenings are made available for the employees which can be done at Sunway Medical Centre in Sunway City Kuala Lumpur.
- Confirmed executives of Sunway REIT with a minimum of six months’ service may undergo the Health Screening Programme either once every two years or once a year, depending on their age range.
- The Health Screening Programme is also extended to all confirmed non-executives of Sunway REIT depending on their age range and duration of service.

FLEXIBLE WORKING HOURS

Flexible Working Arrangements
- The flexible work arrangements allow all confirmed Sunway working mothers with a minimum of one year of service to opt for a variety of start and end times as long as they fulfil the working hours stipulated in their employment letter.
- Each request will be assessed and approved on a case-by-case basis by the Line Manager and Head of Department.

HUMAN RIGHTS

Sunway REIT is committed to respecting the rights and dignity of every individual within our business operations and the communities in which we operate. We are guided by Sunway Berhad’s Human Rights Policy, which was published in July 2021. The policy outlines Sunway Group’s respect and support for the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, as well as the rights of all employees. Sunway Group has been committed to respecting human rights as set out in the United Nations Guiding Principles on Business and Human Rights and UN Global Compact (UNGC) Principles, of which we have been a signatory since 2012.

Our human rights principles and practices are integrated into our daily operations. To ensure our employees, business partners, vendors and suppliers observe and uphold our human rights principles, we work closely with them and guide them in respecting human rights through awareness, training and communication. Our business partners, vendors and suppliers are also encouraged to have similar commitments within their own business practices.

During the year under review, a Sustainable Procurement Policy and Supplier Risk Assessment training were provided to all business segments. All new suppliers were also subjected to Supplier Environmental & Social Risk Assessment beginning July 2021 as part of our procurement process. Additionally, 9% of Sunway’s security personnel received training on human rights, which covered the basic course, customer service, law and authority and domestic inquiry.

We also comply with the Employment Act 1955 and other labour laws of Malaysia, which guide us in ensuring fair working hours, fair payment of wages and fair treatment of all regardless of age, race, gender and religion. In FP2021, there were no incidents and grievances relating to discrimination, child labour and forced labour reported in Sunway REIT.

ENSURING A SAFE WORKPLACE

As a REIT with properties across three business segments, the health and safety of our people is vital for smooth daily business operations. We are guided by Sunway Berhad’s Occupational Health, Safety and Environment (OHSE) Policy, which was established in January 2021, in governing the occupational health and safety of all our employees, contractors, visitors and other stakeholders.

Sunway REIT adopts Sunway Berhad’s five-year strategic OHSE plan with the aim of achieving best practices across all our properties over the next 10 years and reaching a Level 5 (generative) safety culture. The plan is based on the National Occupational Health and Safety Management Plan (OHSMP) 2021-2025 to ensure that we align with the national directive.
Training is provided to non-OHSE Committee members at the beginner, intermediate and advanced levels on over 18 general and specialised safety topics, covering induction and awareness, occupational safety, industrial hygiene and management systems. The training is conducted by trained instructors during paid working hours. To cater to our diverse employee demographics, our training sessions are conducted in both English and Bahasa Malaysia.

**COMPLIANCE WITH OHSE STANDARDS**

The OHSMS at our business segments complies with relevant regulations such as the Occupational Safety and Health Act (OSH Act) 1994, Environmental Quality Act 1974 (EQA 1974) and Factories and Machinery Act 1967 (FMA 1967).

In the year under review, the Safety and Health practitioners across our business segments conducted internal audits on OSHA 1994 compliance at nine out of 12 sites. Regulators also performed external audits involving employees at all our sites. These external audits were conducted in conjunction with the renewal of certificates of fitness, fire certificates, and HALAL status, as well as COVID-19 and environmental compliance. Going forward, the business segments will be working towards assessing their compliance with the system and will continue to conduct regular internal and external audits to progressively improve their OHSMS based on the PDCA cycle ("plan-do-check-act").

The percentage of our workers covered by our OHSMS and audited internally and externally during CY2021 were as follows:

<table>
<thead>
<tr>
<th>Workers</th>
<th>Covered by OHSMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>17,107 workers</td>
</tr>
<tr>
<td>99%</td>
<td>17,099 workers</td>
</tr>
</tbody>
</table>

RISK IDENTIFICATION AND ASSESSMENT

Our business segments proactively identify potential work-related hazards that could cause high-consequence injuries by reviewing accident statistics and conducting site inspections and quarterly audits, as well as paying attention to employee feedback.

All business segments are required to undertake formal risk assessments for all activities, including routine and non-routine activities, in accordance with the OHSMS prior to the commencement of any activities. These assessments include identifying ways to avoid or reduce risks as well as mitigation measures to be taken as per the hierarchy of controls. Assessments are conducted by personnel from our respective business segments who have been trained and certified by a Safety & Health Officer (SHO), as well as a member of the business segment’s OHSE Committee. Risk assessments are approved by the Chairman of the OHSE Committee and depending on the business segments, each assessment is reviewed either every year or once in three years. Assessments may also be conducted in the event of any significant changes that may affect our risk exposure (e.g. legal requirements, activities, equipment, incident occurrences, etc).

In CY2021, 4,347 workers were covered by OHSMS and audited internally and externally on OHSMS & externally audited.

<table>
<thead>
<tr>
<th>Workers</th>
<th>Covered by OHSMS internally audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>4,347 workers</td>
</tr>
</tbody>
</table>

* Includes employees, contractors and business partners and excludes part-timers and interns.note: Data compiled based on internal and certification audit procedures.
BEST OHSE PRACTICES

INCIDENT REPORTING AND INVESTIGATION PROCESS

We are committed to providing a safe and healthy workplace to the employees across our business segments. This means ensuring relevant OHSE training for our workers to keep them informed and aware of their roles and responsibilities, as well as the risks involved in their daily jobs.

Employees are made aware of the risks and hazards as well as the process for reporting any hazards and incidents through OHSE Induction training sessions. They are encouraged to be proactive in reporting all hazards and incidents, including near misses, to the Management, as well as assist with actions to reduce and eliminate risks. We align with Sunway Berhad’s OHS Induction training sessions.

Employees are made aware of the risks and hazards as well as the process for reporting any hazards and incidents through OHS Induction training sessions. They are encouraged to be proactive in reporting all hazards and incidents, including near misses, to the Management, as well as assist with actions to reduce and eliminate risks. We align with Sunway Berhad’s OHS Induction training sessions.

OHSE incident reporting process, which is outlined below:

To protect employees from reprisal, we treat all reports as private and confidential. To maintain the confidentiality of workers’ personal health-related information, only authorised staff, trained to adhere to confidentiality requirement is highlighted during OHSE training.

OCCUPATIONAL HEALTH

Additionally, non-occupational medical and healthcare services that address major non-work-related health risks are made available to our employees. To ensure their quality, these services are conducted by relevant OHSE Managers, Fire, Life and Safety Officers and First Aiders from our business segments. The HR team of each business segment is responsible for creating awareness on and encouraging employee participation in these services and programmes through email blasts and communications on the HR portal.

In addition to the above, various occupational health services are offered to employees and tenants and are made available during working hours to further help identify and minimise health and safety risks, thus preventing harm and protecting workers from work-related injuries and ill health.

ENSURING THE SAFETY OF OUR SUPPLIERS

Our suppliers are guided by Sunway Berhad’s Sustainable Procurement Policy and Supplier Code of Conduct and they are required to comply with all applicable laws, codes or regulations in the areas in which they operate. Third-party contractors providing services at our workplace are also subject to the same health and safety requirements adopted internally. All contractors are briefed on safety and health aspects when working within the perimeter of the workplace. They are also required to undertake a risk assessment prior to the commencement of work. The assessment identifies potential impacts and ensures necessary mitigation measures are undertaken to remove or reduce risks. During the duration of the work, contractors are closely supervised through work permits and inspections by security staff at the respective workplaces.

BEST REPORTING PRACTICES

In FP2021, there were no fatalities and no high-consequence work-related injuries reported. There were also 14 recordable work-related injuries involving employees from our business segments, which were mainly due to slips, trips and missteps. Following each incident, the OHSE Committee acted based on the hierarchy of controls to prevent such incidents from recurring in the future. From Q1 to Q3 2021, there was a downward trend in the number of incidents reported, which could likely be due to the MCOs in Malaysia, or the corrective actions taken, such as rectification work and training to increase staff awareness.

The data also suggests that our training session on slips, trips, falls and working at height has increased staff awareness on safety hazards. There were no cases of work-related injuries and ill health among the business segments’ contractors.

Overall, the number of public incidents reported reduced substantially compared to previous years, mainly due to the closure of the majority of our sites during the MCOs. Moving forward, we expect to provide a centralised platform for the public to report any OH&S complaints.
SUNWAY’S SAFE CITY CONCEPT

1. SECURITY AND CRIME PREVENTION
   - Enforced by 1,082 security personnel including auxiliary police, in-house security and outsourced Nepalese guards.
   - Partnered with the Royal Malaysian Police Force (PDRM) and Malaysian Crime Prevention Foundation (MCPF).
   - Auxiliary police are put through a two-month intensive training programme at PDRM’s training centre.

2. EMERGENCY RESPONSE PLAN
   - Panic buttons are installed in all Sunway Mall car parks.
   - At least one fire drill/ evacuation exercise is held annually to comply with the Fire and Rescue Department’s (Bom) requirements. Failure to comply will affect the renewal of fire safety certificates for Sunway REIT properties.
   - Equipped Sunway City with Sunway Immediate Forward Teams (SWIFT) to respond to emergencies and disasters.

3. ESCALATORS
   - All new escalators are installed with additional auxiliary brakes, in accordance with British Standard EN 115. Regular inspections are conducted on all escalators and travelators.

4. ENFORCEMENT OF CLEAN AIR
   - Sunway’s auxiliary police was empowered by the Ministry of Health in 2019 to issue a summons to anyone caught smoking in non-smoking zones in Sunway City.

5. MINIMUM TRAINING FOR AUXILIARY POLICE AND SECURITY PERSONNEL
   - Auxiliary police attend at least two firearm training sessions conducted by PDRM - Security personnel attend monthly training sessions conducted by Sunway’s Group Security, annual 48-hour foot drills and Bomba training, a two-month intensive training programme and 16 hours of classroom training each year.

SAFEGUARDING OUR COMMUNITIES

The safety of the communities in which we operate is as important as the safety of our employees. Safeguarding our communities will promote goodwill and instil trust in our stakeholders, including staff, residents, shoppers, tenants and the public, apart from increasing the value of our properties. Lack of safety precautions will expose our portfolios to loss of income and property damage.

Sunway REIT’s stakeholders benefit from Sunway’s Safe City concept, which is integrated into all Sunway’s townships including Sunway City Kuala Lumpur, where most of our properties are located. The concept, which adopts the principles of Crime Prevention Through Environmental Design (CPTED) at the design and planning stage of all its integrated developments, keeps our stakeholders safe. Apart from closed circuit television cameras (CCTVs), our townships are guarded by security personnel and auxiliary police. We continue to work closely with our tenants, the local police departments and NGOs to address social issues and improve safety awareness.

CUSTOMER SATISFACTION

Sunway REIT is committed to prioritising customer satisfaction and will do our utmost to address their concerns. We are dedicated to the process of obtaining feedback from our customers at all our properties through surveys and measurement tools to better understand what our customers think about our products and services. Through this important process, we are then able to introduce the appropriate measures and initiatives to improve customer satisfaction.

RETAIL

Due to the COVID-19 pandemic, customer satisfaction surveys have been suspended since the first Movement Control Order was implemented in March 2020. We are therefore unable to report customer satisfaction scores for the period under review. However, ensuring our customers remained satisfied during the MCOs remained a top priority.

As safety, health and hygiene were identified as the main concerns of customers, we rolled out various initiatives and programmes to build confidence and gain customer satisfaction. These included the Safety, Health & Hygiene Programme and the Business Partners Assistance Programme. We also implemented the Safer Community Together initiative to drive home the message of combating the pandemic through collective efforts, such as being fully vaccinated, to enable business operations to continue over the long term. As a result of our proactive approach, our social media agency recorded positive responses from 98% of social media users.

Internet of Toilet

Sunway Malls continues to leverage innovation to enhance customer satisfaction by providing a seamless shopping experience through the Internet of Toilet. In 2021, Sunway Pyramid Shopping Mall unveiled its latest innovative facility, the Internet of Toilet System, for optimised performance and efficiency. The all-new smart toilet system, which was developed through a partnership with Singapore-based amenities expert Rigel Technology, aims to reduce cost, downtime and water consumption.

For more information on Sunway Pyramid Shopping Mall’s Internet of Toilet system, please visit www.youtube.com/watch?v=9zV9LMWqKYA.

Hotel

In the period under review, Sunway Hotels continued to score highly in the Global Review Index by ReviewPro, a measurement tool used by hotels globally to benchmark their reputation management efforts.

GLOBAL REVIEW INDEX SCORE FP2021

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunway City Hotel</td>
<td>95%</td>
</tr>
<tr>
<td>Sunway Pyramid Hotel</td>
<td>93%</td>
</tr>
<tr>
<td>Sunway Putra Hotel</td>
<td>92%</td>
</tr>
<tr>
<td>Sunway Hotel Seberang Jaya</td>
<td>87%</td>
</tr>
<tr>
<td>Sunway Hotel Georgetown</td>
<td>85%</td>
</tr>
</tbody>
</table>
OFFICE

Sunway Offices has once again improved its customer satisfaction scores, with nearly all five properties reaching near-perfect scores. The Net Promoter Score (NPS) has also increased significantly for all properties except for Menara Sunway.

One of the reasons for the improvements in these scores can be tracked back to the introduction of the Sunway Property Management App, which has been widely adopted, with 90% of building occupants being active users. It allows tenants to easily submit service requests, anytime and anywhere, through their mobile phones, after which their requests will be attended to and resolved within the time outlined in the service level agreement.

ENHANCING CUSTOMER EXPERIENCE

Our award-winning smart parking system recognises car registration numbers and allows cashless payments in all our properties.

Most of our properties are currently equipped with smart technologies to provide seamless customer experience.

At Sunway REIT, we always strive to enhance customer experience by leveraging technology and innovation across our properties. Most of our properties are currently equipped with smart technologies to provide seamless customer experience.

COMMUNITY INCLUSIVITY

As an inclusive organisation, we place the interests of the local communities at the heart of everything we do. Engaging with the local communities in which we operate and giving back to society will not only help us meet their needs but also enable them to thrive and grow with us, ensuring no one is left behind.

We align our efforts with Sunway Group’s commitment to the UN SDGs through #SunwayforGood initiatives that are centred on Education, Healthcare and Community Enrichment as we seek to generate long-lasting positive impacts for our communities.
COMMUNITY ENRICHMENT

At Sunway REIT, education is a subject close to our heart. We believe everyone should be given equal access to quality education regardless of their race, religion or socio-economic status. As such, we are always reaching out to the underprivileged and children and youth from the lower-income community to help alleviate their financial burdens and ease their access to education.

Sunway REIT contributed towards Sunway Group’s initiative of donating RM28,000 to Yayasan MyPrihatin to purchase 200 school uniforms sewn by single mothers for 100 students from B40 families and sponsored 200 units of tablets worth RM91,800 to 200 students from B40 families.

In 2021, we reached out to the communities in need to help ease their financial burdens amid several lockdown periods and a challenging economic landscape. These communities included the underprivileged, the lower group from the Bottom 40 (B40) income segment and frontliners, as well our tenants who needed financial and moral support.

In line with Sunway Group’s commitment to building a sustainable future for all, we strive to support the public healthcare system and ensure access to healthcare for everyone. In 2021, we organised several blood donation campaigns to contribute to the blood supplies of local general hospitals and the National Blood Bank during the COVID-19 pandemic.

Marketing efforts

Sunway Malls rolled out various innovative marketing efforts to boost the businesses of its tenants amid the pandemic recovery period. These included an Ultimate Spin & Win contest to attract shoppers by offering attractive prizes and cash vouchers worth up to RM1 million.

At Sunway Pyramid Shopping Mall’s ongoing “hands-free service” enables customers to shop freely in the mall and get their shopping delivered to them later. In addition, the mall’s personal shopper service offers shopping services to unvaccinated customers who can order online and collect their shopping at the mall’s entrance. The mall also implemented drive-through services, provided food delivery services and boosted sales via its mobile app by offering e-vouchers, goodies and rewards to shoppers who downloaded the app.

Sunway Putra Mall offered various rewards, such as F&B vouchers, to shoppers who had received their AstraZeneca vaccinations at the Putra World Trade Centre. To boost sales, retailers on the upper floors were given the opportunity to set up stalls at Level 1 to collect orders.

Sunway Pyramid Shopping Mall contributed packed meals to Kepong healthcare frontliners in February 2021.

Additionally, Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown contributed bottled water to police officers who were on duty during the MCO from January to February 2021.

From Our Heart, For Our Heroes

In a joint effort with YB Puan Hannah Yeoh (Segambut Member of Parliament), Sunway Putra Mall contributed 400 packed meals to Kepong healthcare frontliners in February 2021.

In the spirit of giving, Sunway Putra Mall put up a Christmas tree tagged with wish lists from 40 underprivileged children from Angel’s Children Home and The Comforter’s Hope in December 2020. The 40 wishes were all fulfilled by shoppers, who purchased the items at the mall.

Sunway Pyramid Shopping Mall contributed packed foods and drinks as part of the ‘From Our Heart, For Our Heroes’ initiative.

To encourage shoppers to be part of the initiative, the mall partnered with Kloth Cares and gave out 300 units of Upcycled Raya Pouches to shoppers who had each donated RM15.

Keceriaan Bersama

Sunway Putra Mall collaborated with YB Puan Hannah Yeoh (Segambut Member of Parliament) and the Lions Club to give a home makeover to families affected by the pandemic from April to May 2021. To encourage shoppers to be part of the initiative, the mall partnered with Kloth Cares and gave out 300 units of Upcycled Raya Pouches to shoppers who had each donated RM15.
**Goal 3: Investing in Community Inclusivity**

**The Soapful Project by Sunway Hotels**

This project is one of our core initiatives, which has benefited thousands of individuals from the underprivileged community. The initiative enables us to donate soap bars to the communities in need, which indirectly helps to reduce waste to landfill. In 2021, Sunway Resort Hotel, Sunway Clio Hotel, Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya donated 3,860 soap bars to inmates of Sg. Buloh Prison, Kajang Women’s Prison and Seberang Perai Prison.

**World Cleanup Day @ Sunway City**

On 15 September 2021, 33 employees from Sunway Resort Hotel, Sunway Pyramid Hotel and Sunway Clio Hotel cleaned up the surrounding areas of the hotels on World Cleanup Day. They collected 53 kg of rubbish and 35 kg of recyclables.

**Making Fruit Tarts**

Instead of discarding near-expired canned fruit, Sunway Resort Hotel chefs turned them into fruit tarts before selling the tarts at cost price to NGO What-A-Waste (WAW). The tarts were then sold by WAW to raise funds for the communities in need.

**Flood Relief Donations**

During the refurbishment of Sunway Resort Hotel, the hotel donated its old furniture to charitable homes. It also donated mattresses, divans, towels and blankets to flood victims in Pahang in January and February 2021.

In December 2021, Sunway Resort Hotel collaborated with WAW to reach out to the flood victims in Shah Alam, Selangor when several states in the country were hit by one of the worst floods in decades. The hotel supplied drinking water and personal hygiene kits to ensure the victims had sufficient basic supplies.

**Chinese New Year Cheer 2021**

In 2021, Sunway Resort Hotel, in a joint effort with various business units from Sunway Berhad, contributed more than RM42,000 worth of groceries, school bags, stationery, hand sanitisers, Vitamin C and festive goodies to eight orphanages in Perak. One laptop each was also given to seven homes while the other home received a one-year network data subscription fee. All the 230 children from the homes also received ang pows and packed lunches.

**Raya Cheer 2021**

Sunway Hotels and Sunway Malls, together with various business units from Sunway Berhad, contributed food, including bubur lambuk and packed food, and groceries worth more than RM300,000 to the less fortunate in Selangor, Kuala Lumpur, Perak, Penang, Johor and Kelantan from April to June 2021. The beneficiaries included inmates of Kajang Women’s Prison.

**IMPACT STORY: Sunway REIT and COVID-19**

Amid the economic slowdown and lockdown periods, Sunway REIT helped its stakeholders and the nation overcome pandemic challenges by reaching out to its tenants and supporting the National COVID-19 Immunisation Programme.

Sunway Clio Hotel served as a quarantine centre for foreigners and returning Malaysians.

<table>
<thead>
<tr>
<th>No. of room nights occupied</th>
<th>No. of staff involved</th>
<th>Cost of sanitising guest rooms</th>
<th>Sponsorship of accommodation and food for on-duty authority officers</th>
<th>Provision of personal protective equipment for staff (face masks, face shields, suits and gloves)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;47,000</td>
<td>&gt;150</td>
<td>&gt;RM34,000</td>
<td>&gt;RM669,000</td>
<td>&gt;RM284,000</td>
</tr>
</tbody>
</table>
GOAL 3: INVESTING IN COMMUNITY INCLUSIVITY

**VACCINATIONS**

Sunway REIT provided rent-free spaces as vaccination centres to support the National COVID-19 Immunisation Programme, reaffirming its commitment towards nation-building.

**RENTAL REBATES**

Sunway REIT helped to ease the financial challenges of its tenants by allowing them rental rebates during the lockdown periods.

**COMMUNITY**

Sunway Malls organised several food collection campaigns through various initiatives, including the #SunwayforGood Food Bank, White Flag Campaign and New Hope Charity Drive, to contribute to the communities in need during lockdowns. Collection bins were placed in the malls for shoppers and visitors to donate non-perishable items such as rice, instant noodles, beverages, canned food and biscuits.

**TENANT SUPPORT**

Sunway REIT rolled out various initiatives to alleviate the pandemic’s impacts on its tenants.

- **Flexible operating hours**
  - Tenants were allowed to operate for only eight hours compared to 12 hours during pre-pandemic days, enabling them to save on manpower cost.

- **Tenants’ redemption vouchers/promotions in exchange for rental**
  - The voucher redemption campaign required tenants to pay a certain percentage of their rental in vouchers, which were used by the malls to attract customers and boost sales.

- **Marketing support**
  - Various initiatives were implemented to market the businesses of tenants, including blood donation drives, spin & win contests, food collection for the needy and festive and safety campaigns, among others.

- **Relief support through the #kitasupportkita initiative for the malls**
  - The malls purchased vouchers from F&B and essential items tenants to be given as gifts to retailers’ staff to encourage shopping and to boost business in the malls.

**SUSTAINABILITY COMMITTEE**

Sunway REIT’s sustainability governance and strategy are driven by its Sustainability Committee, which was established in 2021. Chaired by Independent Non-Executive Director Yeo Kar Peng, the Sustainability Committee is responsible for reviewing, supervising and recommending to the Board of Directors on matters related to the three key areas that are aligned with Sunway Berhad’s sustainability commitment.

The Sustainability Committee also reviews feedback from relevant stakeholders including, but not limited to, authorities, regulators, investors and index funds on matters related to sustainability before advising the Board. Since its inception, the Sustainability Committee has recommended the following sustainability measures, which have been endorsed by the Board:

- Sustainability strategy and issues
- Key ESG goals, targets and performance
- Progress and scorecard

Sustainability Working Group (SWG) and Sustainability Officer

Sunway REIT has appointed a full-time Sustainability Officer to oversee the management of sustainability matters that reside with the Board, including the integration of sustainability considerations into the operations of the Company. The SWG, driven by its Sustainability Committee, which was established in 2021, is chaired by Independent Non-Executive Director Yeo Kar Peng and is supported by the Sustainability Working Group (SWG) and a Sustainability Officer.

Led by Sunway REIT’s Chairperson, Dato’ Jeffrey Ng, the SWG serves as the executive arm of the Sustainability Committee. It supports the Sustainability Committee in making informed decisions in embedding sustainability strategies in the Company’s business operations and in implementing sustainability initiatives. The SWG also monitors and updates the Sustainability Committee on the progress of sustainability projects, identifies sustainability risks relevant to Sunway REIT and ensures compliance with sustainability guidelines and regulatory requirements.
GOAL 4: RESPECTING ETHICAL PRINCIPLES

SUNWAY REIT'S POLICIES
GNI 2-15, 2-19, 2-22, 2-23, 2-24, 2-17, 205-1, 205-2, 205-3

1. Directors' Remuneration Policy
Guides the Remuneration Committee in ensuring appropriate and fair remuneration for Sunway's Directors

2. Non-Audit Services Policy
Sets the guidelines and procedures for the Audit Committee to assess and monitor the provision of non-audit services by external auditors

3. Policy on Selection and Assessment of Board of Directors
Communicates the processes and criteria for selection and assessment of potential candidates for election to the Board of Directors and the Board Composition of the Company

4. Policy on Selection of External Auditors
Communicates the selection criteria of independent external auditors, who are recommended by the Audit Committee to the Board of Directors for selection

5. Anti-Bribery and Corruption Policy (ABC)
Guides Sunway employees and its associates in dealing with bribery and corruption

6. Anti-Money Laundering Policy (AML)
Outlines the rules and regulations for Sunway employees to fully comply with the Anti-Money Laundering, Anti-Terrorism and Proceeds of Unlawful Activities Act 2001

7. Whistleblowing Policy & Procedures
Act a mechanism for Sunway employees and external stakeholders to report on any misconduct relating to fraud, corruption and/or abuse without fear of reprisal

8. Donations, Sponsorships and Corporate Responsibility Policy
Guides Sunway REIT in governing its donation activities

9. Sustainability Policy
Lays the groundwork for the growth of assets without compromising opportunities present in the future

SUNWAY REIT is aligned with Sunway Berhad's policies, including:
- Water Management Policy
- Diversity and Inclusion Policy
- Group Occupational Health, Safety & Environment Policy
- Human Rights Policy

DONATIONS, SPONSORSHIPS AND CORPORATE RESPONSIBILITY POLICY
GNI 4-175-1

As a responsible corporate citizen, Sunway REIT always seeks to give back to the community. Whether we contribute in cash or in kind, we believe that such contributions are important for improving the lives of the stakeholders we serve, for helping us build rapport with the community and for positioning Sunway REIT as a good corporate citizen.

Nevertheless, in carrying out this responsibility, we are also cognisant that donations and/or contributions and/or sponsorships can be seen as high-risk in the context of bribery, money laundering or other corrupt activities. To ensure that our efforts continue to be above board and are in full compliance with all applicable laws and regulations, Sunway REIT enacted a Donations, Sponsorships and Corporate Responsibility Policy in FP2021 to govern our donation activities.

The Policy outlines the types of organisations and activities that Sunway REIT can and cannot donate to, in addition to a priority list of the types of organisations and activities that Sunway REIT may support. It also guides Sunway REIT in evaluating requests for donations in terms of whether they add tangible or intangible value to the overall business.

The Policy will:

- Provide guidance for the donation and sponsorship strategy to ensure all proposals fit within the strategy and meet the established criteria.
- Provide guidance on the conduct of due diligence on all proposed recipients to check whether they are affiliated with public officials or existing or potential customers, among other anti-bribery red flags.
- Establish proper controls, including approval thresholds and counter-signatures, to counter the risk of kickbacks.

The Policy covers all donations of cash, services or donations in kind, to individuals, organisations or other bodies, excluding scholarships under the Education Division. All donations, sponsorships and contributions referred to within the Policy must comply with the principles laid out in the Anti-Bribery and Corruption Policy and the Anti-Money Laundering Policy of Sunway REIT.

DONATIONS TO POLITICAL CAUSES

Sunway REIT does not make donations to political causes or any politically affiliated institutions. However, to meet our obligatory requirements as a corporate citizen, we may contribute in kind to events organised by political parties, especially those concerning industry/policy issues with key regulatory bodies, with private sector involvement. We do not usually make any donations requested by politicians unless if it is for a good cause. The donations, which will be made in kind, will be provided directly to the beneficiaries.

GRI 2-16, 2-25, 2-26, 2-27, 206-1, 307-1, 416-1, 416-2, 419-1

MEMBERSHIP IN ASSOCIATIONS
GRI 2-28

Real Estate and Housing Developers’ Association (REHDA) Institute
Dato’ Jeffrey Ng Tiong Lip, Chairman

Malaysian REIT Managers Associations (MRMA)
Dato’ Jeffrey Ng Tiong Lip, Immediate Past Chairman

Malaysian Institute of Accountants (MIA) Professional Accountants in Business (PAIB)
Irene Sin May Lin, Committee Member

Malaysian Investor Relations Association (MIRA)

Climate Governance Malaysia

Sunway Group’s Chief Information Officer (CIO) is responsible for the shared services centre and reports to the Board on the Group’s latest cybersecurity and technology strategy whenever necessary. The CIO is also a member of the National Tech Association of Malaysia (PIKOM) CIO Chapter and PIKOM Cybersecurity User Group.

To guide our employees, we have in place an ePolicy, which is accessible via our Online Learning System. We regularly raise awareness by sharing tips and reminders on data protection and privacy in our monthly newsletters and annual performance reviews via the Online Learning System, as well as by conducting phishing simulation exercises. In addition, we have an information security email for employees to report cybersecurity-related incidents. There was one reported case of a cybersecurity breach in the year under review.

CYBERSECURITY AND DATA GOVERNANCE
GRI 418-1

Sunway REIT aspires to be a good corporate citizen by accepting responsibility for its asset management activities and the impact they have on people, the environment and society. In the year under review, we established a Sustainability Policy to lay the groundwork for the growth of our assets within our portfolio, without compromising opportunities present in the future. Comprising robust principles and a governance structure that will enable us to foster sustainable value creation, the Sustainability Policy is aligned with our purpose, our commitment to the United Nations Sustainable Development Goals and our sustainability strategy that is anchored on three pillars:

SUSTAINABILITY POLICY

UPHOLDING GOOD BUSINESS ETHICS

GOAL 4:
RESPECTING ETHICAL PRINCIPLES

For more information about Sunway REIT’s Sustainability Policy, please visit www.sunwayreit.com/wp-content/uploads/2022/01/210609-Sunway-REIT-Sustainability-Policy-v4.pdf.

Cybersecurity threats are becoming rampant as more businesses pivot to navigate the pandemic-led disruptions by shifting their business operations to digital platforms. An organisation may be exposed to financial, legal and reputational risks if it does not invest in cybersecurity.

At Sunway REIT, we are supported by a resilient and comprehensive Group-wide governance infrastructure. Certified with the ISO 27001:2013 international standard, Sunway’s IT Shared Services Centre focuses on the Information Security Management System (ISMS) – a framework of policies and procedures that includes the legal, physical and technical controls involved in an organisation’s information risk management processes.

Sunway REIT will continue contributing to social progress within the geographies we are operating in by striving to be a responsible and respectable employer that embraces inclusivity and diversity. In addition, we will invest in human capital development and support the enrichment of the communities around us.

Sunway REIT will focus on protecting the environment by reducing our environmental impact through responsible sourcing, using our resources more effectively and seeking avenues to reduce our carbon emissions.

MEMBERSHIP IN ASSOCIATIONS
GRI 2-28

Non-compliance with laws and regulations in the social and economic areas
Legal action for anti-competitive behaviour, or anti-trust and monopoly practices

Non-compliance with environmental laws and regulations

Non-compliance concerning the health and safety impacts of products and services

Non-disclosure and non-compete agreements

Personal data protection

IN FY2021
ZERO REPORTED CASES

Bribery and corruption

For more information about Sunway REIT’s Sustainability Policy, please visit www.sunwayreit.com/wp-content/uploads/2022/01/210609-Sunway-REIT-Sustainability-Policy-v4.pdf.

Good business ethics is vital for the sustainability of any business organisation. At Sunway REIT, we prioritise ethical principles in all that we do to uphold the highest standards of business ethics.

We remain guided by our Code of Conduct and Business Ethics, which comprises a set of robust corporate policies that are reviewed from time to time to keep up with the evolving regulatory landscape, ensuring we comply with all applicable laws, rules and regulations. Sunway REIT’s Code of Conduct and Business Ethics does not only provide an ethical framework for our Directors and employees, it also ensures that our business partners, vendors and anyone who wants to engage in business activities with us upholds good business ethics and integrity.

We are committed to protecting the privacy of customers and their personal data to maintain their trust and customer satisfaction. We comply with the Personal Data Protection Act 2010 (PDPA), which guides us in our approach to data privacy and security. All employees of Sunway Malls and Sunway Hotels are required to:

Comply with the PDPA
Comply with Sunway’s compliance manual and all Sunway policies that are related to the PDPA
Read, understand and acknowledge Non-Disclosure Agreements (NDAs)
Attend PDPA training, including an annual internal audit for PDPA compliance

Group Information Technology (GIT) has established a Data Governance Framework, Policies and Procedures that outlines how businesses within Sunway should manage the availability, usability, integrity, sharing and security of data. The framework ensures that there is consistency in the way data is handled within Sunway and reduces the risk of data misuse.

Cybersecurity challenges are managed through a stringent series of codes, policies and security controls. Customer data is protected from intrusions and unauthorised access. Employees are subjected to the strictest standards of privacy and confidentiality. A company-wide governance infrastructure was established by GIT to take a holistic approach to data privacy and security. These practices are applied across all business segments including protecting the privacy of all stakeholders, such as shoppers in our malls.

To assure customers’ privacy, shoppers are encouraged to inform the malls on their preferred contact methods and any forms requiring their personal details are complying to the PDPA. There are also reminders at the malls to inform shoppers that pictures or video footage taken by the malls are compliant with the PDPA. At hotels, the personal data of our hotel guests is only accessible to authorised users while at offices, tenants’ information is not disclosed to any third party without approval from the tenants.
There are currently four Independent Directors, representing 57% of the composition of the Board, thus exceeding the requirement for at least half of the Board to comprise Independent Directors.

The Board comprises three women Board members, thus achieving more than 30% of female representation on the Board.

The Board comprises a good mix and balance of experience, skill sets and diversity and comprises qualified members in its composition.

NONE OF THE BOARD MEMBERS HOLD MORE THAN 5 DIRECTORSHIPS in listed issuers, thereby complying with Paragraph 15.06 of the Listing Requirements.

Their directorships in listed issuers and public companies are set out in their respective Directors’ Profile in the Integrated Annual Report 2021 of Sunway REIT.

<table>
<thead>
<tr>
<th>REGULATORY COMPLIANCE</th>
<th>2.86</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOVERNANCE</td>
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<tr>
<td>BOARD STRUCTURE &amp; COMPOSITION</td>
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<td>BEHAVIOURAL</td>
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<td>BOARD COMMITTEE</td>
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<td>TECHNICAL</td>
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<td>STAKEHOLDER RELATIONS &amp; ENGAGEMENT</td>
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<td>BOARD DYNAMICS &amp; CULTURE</td>
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<td>STRATEGY &amp; RISK MANAGEMENT OVERSIGHT</td>
<td>2.36</td>
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<td>SUSTAINABILITY</td>
<td>2.27</td>
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<tr>
<td>EMERGING TRENDS</td>
<td>2.06</td>
</tr>
</tbody>
</table>

RATING DESCRIPTOR:

2.51 – 3.00
- Broad and in-depth proficiency in this competency
- Able to contribute to the board specific expertise in the application of this capability
- Able to assist, consult and lead others in the application of this competency

2.00 – 2.49
- Working or functional proficiency level in this competency
- Have been exposed to this capability and experienced in decision making involving this competency for a certain period of time

1.00 – 1.99
- Limited exposure to and experience in this competency
- Demonstrates minimal use of this competency and require development
SUNWAY REIT

DIRECTORS’ PROFILE

TAN SRI ABHDIN MOHD DON
Independent Non-Executive Director

Appointed: 25 August 2010

Board Committee(s):
- Member, Risk Management Committee

Academic/Professional Qualifications:
- Bachelor of Economics and Business, University of Wales
- Fellow, Institute of Chartered Accountants in England and Wales
- Member, Malaysian Institute of Certified Public Accountants

Working Experience:
- Past Experiences:
  - President, Alliances Bank Malaysia Berhad (2008 - 2015)
  - Manager, Kerensky Drivex Bank Berhad (2010 - 2015)

Other Directorships:
- None


DATO’ JEFFREY NOONG TIONG LOI
Non-Independent Executive Director

Appointed: 24 March 2010

Board Committee(s):
- Member of the Risk Management Committee

Academic/Professional Qualifications:
- Master of Science in Economics and Business, University of Wales
- Member, Malaysian Institute of Certified Public Accountants
- Fellow, Institute of Chartered Accountants in England and Wales
- Member, Malaysian Institute of Certified Public Accountants

Working Experience:
- Past Experiences:
  - Executive Director, Malaysia dazz (2002 - 2012)
  - Deputy Chairman, Alliance Bank Malaysia Berhad (1997 - 2004)
  - Governor, Bank Nagari Malaysia (1996 - 1998)
  - Independent Executive Director, MAA (2000 - 2002)
  - Group Head, Kerensky Drivex Bank Berhad (2010 - 2015)
  - Executive Director, Malaysian Banking Berhad (2006 - 2008)
  - General Manager and Group Chief Executive Officer, Alliance Bank Malaysia Berhad (1997 - 1994)

Other Directorships:
- None


EVNI A/L BERTY LUK FERNANDEZ
Non-Independent Executive Director

Appointed: 24 March 2010

Board Committee(s):
- Member of the Nomination Committee

Academic/Professional Qualifications:
- Bachelor of Economics and Business, Summa cum Laude, Aberystwyth University, United Kingdom
- Bachelor of Science in Economics and Management, University of Wales
- Fellow, Institute of Chartered Accountants in England and Wales
- Member, Malaysian Institute of Certified Public Accountants

Working Experience:
- Past Experiences:
  - Chief Executive Officer, Khong & Jaafar (Corporate Finance Services) Sdn Bhd
  - Chief Executive Officer, Khong & Jaafar (Corporate Services) Sdn Bhd
  - Director, Sunway Berhad (2009 - 2010)
  - Managing Director, Sales and Corporate Development, Sunway Malaysia/ Singapore
  - Other Directorship:
    - Director, Alliance Bank Malaysia Berhad
    - Executive Director, Strategy and Corporate Development, Sunway Group (2006 - 2010)
    - Manager, Pavilion Sdn Bhd, a major unitholder of Sunway REIT

Other Directorships:
- Nil


SAEENA CHAN YEAN TH, D.M.
Non-Independent Executive Director

Appointed: 23 August 2010

Board Committee(s):
- Member of the Risk Management Committee

Academic/Professional Qualifications:
- Fellow, Royal Institution of Chartered Surveyors (RICS), UK
- Academic/Professional Qualifications:
  - Director, Malaysian Institute of Bankers (now known as the Malaysian Institute of Bankers in Malaysia) (2004 - 2006)
  - Academic/Professional Qualifications:
  - Roundtable of Independent Directors (RIDD)
  - National Committee Member, PACID (Malaysian Chapter)
  - Panel Member, Appeal Board under the Licence Holder Capital Markets Services Representative's Licence

Working Experience:
- Past Experiences:
  - Executive Chairman, Meridian Development Division, Sunway Berhad
  - Independent Executive Director, Sunway Berhad
  - Director, SUNREIT Capital Berhad
  - Director, SUNREIT Perpetual Bond Berhad
  - Chairman, Sunway Lagoon Club Berhad

Other Directorships:
- None


NO SING HWA
Non-Independent Executive Director

Appointed: 28 February 2011

Board Committee(s):
- Chairperson of the Nomination Committee

Academic/Professional Qualifications:
- Fellow, Royal Institution of Chartered Surveyors (RICS), UK
- Associate, Royal Institution of Chartered Surveyors (RICS), UK
- Chartered Accountant, Institute of Certified Public Accountants (ICPA), Malaysia
- Chartered Accountant, Institute of Certified Public Accountants (ICPA), Australia
- Chartered Accountant, Institute of Certified Public Accountants (ICPA), New Zealand
- Academic/Professional Qualifications:
  - Managing Director, Sunway Berhad (2009 - 2010)
  - Member, Malaysia Institute of Accountants
  - Member, Malaysian Institute of Accountants

Working Experience:
- Past Experiences:
  - Managing Director, Property Development Division, Sunway Berhad
  - Independent Executive Director, Sunway Berhad
  - Director, SUNREIT Capital Berhad
  - Managing Director, Sunway City Development Division, Sunway Berhad
  - Director, Alliance Bank Malaysia Berhad
  - Director, Alliance Bank Malaysia Berhad

Other Directorships:
- Nil


TENGOU NURUL AZWAN BIN TENGOK KARIM
Non-Independent Executive Director

Appointed: 11 March 2016

Board Committee(s):
- Chairperson of the Risk Management Committee

Academic/Professional Qualifications:
- Fellow, Royal Institution of Chartered Surveyors (RICS), UK
- Former Advocate and Solicitor of The Honourable Society of Inner Temple
- Academic/Professional Qualifications:
  - Chairman of the Audit Committee
  - Chairman, Valuation & Property Consultancy Committee Consultants in the Private Sector Malaysia (PEPS)
  - Member of the Audit Committee
  - Member, Association of Valuers, Appraisers and Estate Agents Malaysia
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  - Member, Association of Valuers, Appraisers and Estate Agents Malaysia
  - Member, Association of Valuers, Appraisers and Estate Agents Malaysia

Working Experience:
- Past Experiences:
  - Executive Chairman, Sunway Capital Berhad
  - Director, Executive Chairman, Sunway Capital Berhad
  - Executive Chairman, Sunway Capital Berhad
  - Executive Vice President and Partner, PEMANDEU Associates Sdn Bhd
  - Director, Executive Chairman, Sunway Capital Berhad
  - Chairman, Valuation & Property Consultancy Committee Consultants in the Private Sector Malaysia (PEPS)

Other Directorships:
- Nil


YEAO KENG PENG
Independent Non-Executive Director

Appointed: 2 January 2019

Board Committee(s):
- Chairperson of the Sustainability Committee

Academic/Professional Qualifications:
- Bachelor of Commerce (Accounting and Finance), The University of Western Australia
- Bachelor of Commerce (Accounting and Finance), The University of Western Australia
- Academic/Professional Qualifications:
  - Chief Executive Officer, Khong & Jaafar (Corporate Services) Sdn Bhd
  - Chief Executive Officer, Khong & Jaafar (Corporate Services) Sdn Bhd
  - Member, Malaysian Institute of Accountants
  - Member, Malaysian Institute of Accountants
  - Member, Malaysian Institute of Accountants
  - Member, Malaysian Institute of Accountants
  - Member, Malaysian Institute of Accountants

Working Experience:
- Past Experiences:
  - Executive Vice Chairman, Business Council (MABC)
  - President, Business Valuers Association Malaysia
  - Executive Vice President, Malaysia Australia Chamber of Commerce & Industry (MACCI)
  - Secretary-General, ASEAN Valuers Association (2010/2018)
  - Member/Exco-Member, Board of Valuers, Appraisers & Managers
  - Member/Exco-Member, Board of Valuers, Appraisers & Managers
  - Member/Exco-Member, Board of Valuers, Appraisers & Managers
  - Member/Exco-Member, Board of Valuers, Appraisers & Managers
  - Member, Association of Valuers, Appraisers and Estate Agents Malaysia (1993-2003)
  - Academic/Professional Qualifications:
    - Bank of America Malaysia Berhad
    - Alliance Berhad (2002 - 2012)
    - Executive Vice Chairman, Bertam Alliance Berhad (2012 - 2013)

Other Directorships:
- None

PUBLIC COMPANY
- Nil

Notes:
- Two of Dato’ Jeffrey Noong Tiong Looi, who is the Executive Chairman and major shareholder of Sunway Berhad, and major unit holder of Sunway REIT, is the father of Sarena Cheah Yean Tih, who is a Director of Sunway REIT.
- All public sanctions or penalties imposed by the relevant regulated bodies during the financial period ended 31 December 2021.
- Any public sanctions or penalties imposed by the relevant regulated bodies during the financial period ended 31 December 2021.
**DATAI' JEFFREY NG TIONG LIP**  
Chief Executive Officer | Non-Independent Executive Director  
Date of Appointment: 24 March 2010

**IRENE SIN MAY LIN**  
Chief Financial Officer  
Date of Appointment: 7 May 2018

**KOH SIN YEE**  
Assistant General Manager - Contract & Project Management  
Date of Appointment: 1 November 2017

**RAYMOND NG MENG CHUN**  
Head of Business Development  
Date of Appointment: 10 July 2017

**LIM SZE-YIN**  
Compliance Officer  
Date of Appointment: 30 July 2021

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**Qualifications**  
- Bachelor of Arts in Business Administration, University of Technology, Malaysia  
- Associate Member,Chartered Institute of Management Accountants (Malaysia)

**Responsibilities**  
- Oversee the day-to-day operations of the Corporate Office  
- Be a key point of contact for external stakeholders  
- Lead the Corporate Office team in delivering high-quality service  
- Manage the budget and resources of the Corporate Office

---

**Qualifications**  
- Bachelor of Science in Building Technology, University of Technology, Malaysia  
- Master of Science in Management, University of Technology, Malaysia  
- Certified Financial Analyst (CFA)

**Responsibilities**  
- Manage the day-to-day operations of the Investment Trust and Property Investment Division  
- Oversee the acquisition and disposal of properties  
- Ensure the execution of sustainability strategies

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**Qualifications**  
- Bachelor of Science in Biomedical Technology, University of Technology, Malaysia  
- Master of Science in Business Administration, University of Technology, Malaysia  
- Professional Member, Chartered Institute of Management Accountants (Malaysia)

**Responsibilities**  
- Oversee the day-to-day operations of the Corporate Office  
- Be a key point of contact for external stakeholders  
- Lead the Corporate Office team in delivering high-quality service  
- Manage the budget and resources of the Corporate Office

---

**Qualifications**  
- Bachelor of Science in Business Administration, University of Technology, Malaysia  
- Master of Science in Management, University of Technology, Malaysia  
- Certified Financial Analyst (CFA)

**Responsibilities**  
- Manage the day-to-day operations of the Investment Trust and Property Investment Division  
- Oversee the acquisition and disposal of properties  
- Ensure the execution of sustainability strategies

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**Qualifications**  
- Bachelor of Science in Business Administration, University of Technology, Malaysia  
- Master of Science in Management, University of Technology, Malaysia  
- Certified Financial Analyst (CFA)

**Responsibilities**  
- Manage the day-to-day operations of the Investment Trust and Property Investment Division  
- Oversee the acquisition and disposal of properties  
- Ensure the execution of sustainability strategies

---

**Notes:**  
None of the Management Team members and key personnel have:  
(i) any family relationship with any Director of the Company and/or major unitholder of Sunway REIT;  
(ii) any conflict of interest with Sunway REIT;  
(iii) any conviction for offences within the past 5 years (other than traffic offences); and  
(iv) any public sanction or penalty imposed by the relevant regulated body during the financial period ended 31 December 2021.
Corporate governance plays an essential role in how the Manager operates Sunway REIT’s businesses. Despite the challenging business environment in 2021, the Company took a number of significant steps to strengthen its leadership, its effectiveness and our understanding of the needs of our stakeholders.

The Board is responsible in ensuring the long-term success of Sunway REIT, generating value for unitholders and contributing to the communities in which it operates and wider society. The Board is committed to ensuring that it provides effective leadership and promotes unwavering ethical standards. One of the ways in which the Board achieves this is by requiring that good governance principles and practices are adhered to. The Board has determined that the following is a helpful summary of its role. Good governance is about helping to run the company well. It involves being satisfied that an effective internal framework of systems and controls is in place which clearly defines authority and accountability and promotes success whilst permitting the management of risk to appropriate levels. It also involves the exercise of judgement as to the definitions of success for the company, the levels of risk we are willing to take to achieve success, and the levels of delegation to management. The exercise of this judgement is the responsibility of the Board and involves consideration of processes and assumptions as well as outcomes.

The Board sets the tone for the company. The way in which it conducts itself, its attitude to ethical matters, its definition of success, and the assessment of appropriate risk, all define the atmosphere within which the Management Team and all colleagues work. The Board has ultimate responsibility for ensuring an appropriate culture in the company to act as a backdrop to the way in which the company behaves towards all stakeholders.

How we govern the organisation is set out in the following pages. This governance overview is supplemented with our Corporate Governance Report 2021.
SUNWAY REIT

CORPORATE GOVERNANCE OVERVIEW STATEMENT
THE EFFECTIVENESS OF OUR BOARD AND LEADERSHIP

The Board met sufficiently throughout the year to fully discharge its duties. There were fourteen scheduled meetings held, the majority of which took place via video conference as a result of the restrictions imposed following the outbreak of the COVID-19 virus.

The Chairman sets agendas, with support from the two Company Secretaries, and ensures sufficient time is allocated to promote effective debate and to support sound decision-making. The Company Secretaries support the Chairman in annual agenda planning, ensuring that matters are scheduled for the appropriate meetings based on the business cycle and an even distribution of matters throughout the year.

A RESPONSIBLE BOARD

The Board bears the ultimate responsibility for Sunway REIT’s performances and core values. It is committed to implement sound corporate governance practices at all times and views this as a fundamental part of discharging its roles and responsibilities.

The Board assumes, amongst others, the following principal roles and responsibilities in discharging its stewardship role, and fiduciary and leadership functions:

1. Scanning and keep track of changing operating environment and market trends in order to remain relevant as well as adopting the right strategic direction and formulating growth strategies for Sunway REIT;
2. Establishing growth targets and corporate governance objectives and policies;
3. Setting and assigning KPIs for the management team (“Management”) to achieve the objectives;
4. Establishing effective risk management framework and internal control systems and reporting;
5. Monitoring financial reporting on a quarterly basis, management’s performance and achievement of KPIs in order to ensure sustainable growth in Net Property Income of the assets under management and payment of dividend per unit to unitholders;
6. Charting a sustainable long-term growth strategy in asset under management;
7. Incorporating sustainability and ESG elements in the management of Sunway REIT’s properties; and
8. Providing a balanced and understandable assessment of Sunway REIT performance, total asset value and future prospects to unitholders and investing public.

INFORMATION AND SUPPORT

The Board has established a procedure for directors, if deemed necessary, to take independent professional advice at the company’s expense in the furtherance of their duties. Every Director has full, free and unrestricted access to information of the Manager and Sunway REIT. The Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties, the expenses of which are borne by the Manager. The Board may also seek advice from the Management or request further explanation, information or update on any aspect of Sunway REIT’s operations or business concerns.

BOARD COMMITMENT

The Board recognises the importance of individual members having sufficient time to discharge their duties effectively. On an annual basis, each Director declares their external appointments and commitments to the Board as part of their declarations. None of the Board members hold more than 5 directorships in public listed companies which is in compliance with Paragraph 15.06 of the Listing Requirements. The Directors’ significant commitments are set out in their biographies.

A CLEAR SEPARATION OF POWERS

Chairman
• Responsible for the leadership, effectiveness, conduct and governance of the Board;
• Ensuring the integrity and effectiveness of the governance process of the Board and the Management;
• Managing the interface between the Board and Management and promote constructive and respectful relations amongst Directors; and
• Promoting a conducive boardroom environment by encouraging active participation and allows dissenting views to be freely expressed.

CEO
• Has full executive responsibilities over the direction and operational decisions in the day-to-day management of Sunway REIT;
• Responsible for the implementation of the strategic, decisions and policies approved by the Board;
• Providing leadership and guidance to Management in order to meet the strategic and operational objectives of Sunway REIT; and
• Accountable to the Board by ensuring the Management manages Sunway REIT to meet its strategic objectives.

Senior Independent Director
• Act as a sounding board to the Chairman to offer counsel to the Chairman on matters such as board dynamic and concerns of stakeholders;
• Served as an intermediary for other Directors when necessary and as point of contact for unitholders of Sunway REIT and other stakeholders on concerns which cannot be resolved through the normal channels of the contact with the Chairman and/or CEO;
• Provides the Chairman with support in the delivery of objectives, where necessary; and
• Acts as an alternative contact for unitholders, providing a means of raising concerns other than with the Chairman or Senior Management.

Independent Board
The Independent Directors continue to act objectively and independently based on the following justifications:
• Their experiences and relevant expertise had added value to the Board’s deliberations and decisions;
• At all times, they have acted in the best interest of the Manager and Sunway REIT. They had provided critical oversight and contributed valuable ideas and suggestions; and
• They have proven to be reliable with high integrity, professionalism, and possessed business aptitude; and their time commitment record was excellent.

Compliance Officer
Monitors and ensures compliance with the Deed, the Listing Requirements and all applicable SC guidelines and securities laws relating to Sunway REIT.

Professional Development
In order to ensure that the Board has not only the technical competencies, but also the right mindsets and behaviours to be effectively adapted to rapid changes due to emerging trends, the Board had during the FY2021 attended various training programmes. Please refer to the “Board of Directors” section of the Manager on Sunway REIT’s website at www.sunwayreit.com for the details of the training and education programme attended by the Directors in FY2021.
CONNECTION TO ETHICAL BUSINESS

ANTI-CORRUPTION AND ANTI-BRIBERY

Sunway REIT is strongly opposed to any form of corruption and bribery. We recognize that it impacts societies in many negative ways. Our reputation is built on trust: the trust of our customers, our people, our partners, our suppliers, our investors and the communities we serve.

Our anti-corruption and anti-bribery policies apply our strict standards and are reinforced through training and our day-to-day conduct. We encourage all with concerns to speak out and have facilitated this further through our Whistleblowing hotline, enabling reporting of wrongdoing.

The Board is also guided by the Code of Conduct and Business Ethics Policy of the Manager which provides an ethical framework to guide and reinforce ethical, prudent and professional behaviours of all Directors and employees of the Manager to ensure compliance with applicable laws and ethical values in discharging their duties and responsibilities. The Board and all employees of the Manager are committed to adhering to best practices in corporate governance and observing the highest standards of integrity and behaviour in all activities conducted by the Manager, including the interaction with its customers, suppliers, employees and business partners, and within the community and environment in which the Manager and Sunway REIT operate.

The Board has adopted the Anti-Bribery and Corruption Policy and Procedure for the Manager for implementation in the workplace and in its operations and transactions carried out by the Manager for Sunway REIT. The Manager has also noted out its compliance programmes by sending a strong message to all its business associates, lessees, tenants, service providers, contractors, suppliers, vendors and other stakeholders of the zero tolerance approach taken by the Managers against any corrupt acts and bribes. Training and education of staff, vendors, contractors and suppliers have commenced to ensure full understanding and compliance to the policy. This policy is further supported by the existing Whistleblowing Policy and Procedures to ensure a well-defined, accessible, trusted and secure channel for the reporting of such acts.

The Manager has also rolled out its compliance programme by reinforcing the Manager against any corrupt acts and bribes. Training and education of staff, vendors, contractors and suppliers have commenced to ensure full understanding and compliance to the policy. This policy is further supported by the existing Whistleblowing Policy and Procedures to ensure a well-defined, accessible, trusted and secure channel for the reporting of such acts.

Any employee or member of the public who has knowledge or is aware of any corrupt act or improper conduct within the Manager is encouraged to enable proper independent investigation of any reported incidents and appropriate follow up action to be taken.

Any employee or member of the public who has knowledge or is aware of any corrupt act or improper conduct within the Manager is encouraged to report through the following channels:

- Tel No: +603 5639 8025
- Email: whistleblowing@sunway.com.my
- Fax No: +603 5639 8027

Faxes and emails to these channels will be directed to the Chairman of the Board of Directors and the relevant Board Committees for their consideration.

The pandemic has created a new normal for social distancing practice as part of the safety measures to curb the spread of COVID-19. The Board met virtually for most of its Board meetings during the FP2021 as physical meetings were restricted in order to observe social distancing.

Meetings of the Board and Board Committees for the FP2021 were scheduled and arranged to enable the Directors to plan and commit their time effectively. Notices and agendas of meetings are distributed to all Directors in advance of the relevant board papers were issued to all Directors at least five business days prior to the meetings for the Board to study and evaluate the matters to be discussed.

The Board had during the FP2021 considered/reviewed/ deliberated/approved the following agendas and matters:
EXTERNAL EVALUATION OF BOARD AND BOARD COMMITTEE PERFORMANCE

The ICDM presented its observations and findings in a formal report. It had concluded that the Board was led by an effective Chairman, who was well-respected and understood the responsibilities and expectations of the Board. The Board comprised a very good mix of experience, skill sets and diversity as well as qualified members. It had recommended several improvements, one of which was to enhance the Board’s effectiveness and its succession planning. In order to refresh the Board’s composition, directors who had served more than 9 years would retire and the NRC had commenced the process of sourcing for suitable candidates by engaging the ICDM to assist in the search process based on the criteria provided.

The CEO is a capable leader with good track record, possesses high level of integrity and has respect and trust of the Board and Management team. In general, the Board had dedicated ample time in focusing strategic formulation, oversight of operations and corporate transactions as well as succession planning.

The 4 Board Committees, the NRC, the AC, Risk Management Committee and Sustainability Committee were found to be effective in the discharge of their respective duties and functions in accordance with their TOR.

RENUMERATION

The remuneration of Directors and Senior Management are paid by the Manager and not by Sunway REIT.

In order to attract, retain and motivate Directors and Senior Management to drive and pursue long-term growth objectives of Sunway REIT, the Board has in place a fair and competitive remuneration package that commences with experience, responsibilities, performance, contributions as well as benchmarking against the remuneration practices and market trends of other similar players. In designing the appropriate remuneration package, an external independent consultant has provided the latest framework and guidelines based on market data analysis.

EXPERIENCES

SKILLS

RESPONSIBILITIES

PERFORMANCES

SKILLS

CONTRIBUTIONS

RENUMERATION PRACTICES, GENERAL MARKET AND INDUSTRY TREND

The remuneration structure of the Non-Executive Directors is as follows:

<table>
<thead>
<tr>
<th>CHAIRMAN (RM’000)</th>
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<tr>
<td>100</td>
<td>80</td>
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Meeting allowance per meeting:

For each Board or Board Committee meeting:

- Board: RM 100
- AC: RM 80
- Risk Management Committee: RM 6
- Sustainability Committee: RM 3

The duties and responsibilities of the NRC are set out in the TOR of the NRC which is available on Sunway REIT’s website at www.sunwayreit.com.

For Independent Non-Executive Directors, the level of remuneration reflects their experiences, level of responsibilities and industry’s benchmark as well as complexity of the Manager’s business. The remuneration of Independent Non-Executive Directors consists of fixed annual board fees, committee fees, and meeting attendance-related allowances for each Board or Board Committee meeting attended.

The Non-Executive Directors are reimbursed for all their travelling, hotel and other expenses necessarily expended by them in carrying out their duties and responsibilities as Directors.

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RENUMERATION

The remuneration of Directors and Senior Management are paid by the Manager and not by Sunway REIT.

In order to attract, retain and motivate Directors and Senior Management to drive and pursue long-term growth objectives of Sunway REIT, the Board has in place a fair and competitive remuneration package that commences with experience, responsibilities, performance, contributions as well as benchmarking against the remuneration practices and market trends of other similar players. In designing the appropriate remuneration package, an external independent consultant has provided the latest framework and guidelines based on market data analysis.

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RENUMERATION PRACTICES, GENERAL MARKET AND INDUSTRY TREND

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Meeting allowance per meeting:

For each Board or Board Committee meeting:

- Board: RM 100
- AC: RM 80
- Risk Management Committee: RM 6
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The duties and responsibilities of the NRC are set out in the TOR of the NRC which is available on Sunway REIT’s website at www.sunwayreit.com.

For Independent Non-Executive Directors, the level of remuneration reflects their experiences, level of responsibilities and industry’s benchmark as well as complexity of the Manager’s business. The remuneration of Independent Non-Executive Directors consists of fixed annual board fees, committee fees, and meeting attendance-related allowances for each Board or Board Committee meeting attended.

The Non-Executive Directors are reimbursed for all their travelling, hotel and other expenses necessarily expended by them in carrying out their duties and responsibilities as Directors.
The Board, through the NRC has endorsed the engagement of the ICDM to undertake an external independent evaluation of the BDEE for the financial period ended 31 December 2021. The objective of appointing ICDM was to provide the Board with an independent insight and external perspective of the Board’s effectiveness in terms of oversight as well as its governance processes. In addition, the assessment would provide suggestions for improvements in its journey to becoming a high-performing Board.

Upon completion of the assessment process, ICDM presented its final BDEE Report to the Board which sets out the detailed findings and the corresponding recommendations, benchmarking against corporate governance best practices.

### BOARD DYNAMICS AND CULTURE
- The Board works as a team with emphasis on honest open communication, trust, respect as well as driving the right level of accountability and integrity. Board relationships are generally friendly and collegial and members are professional and respectful of one another.

### BOARD AND MANAGEMENT RELATIONSHIP
- The Board responds swiftly and effectively to the evolving crisis and has taken proactive steps to manage the risks and its consequences to the business and the operating environment pursuant to changing regulatory developments. Sunway REIT has in place a Business Continuity Framework and Business Continuity Plan, which was adopted and executed by management to manage the pandemic crisis.

### BOARD SUSTAINABILITY MATTERS
- The Board has been very forward looking with respect to sustainability and actively looking into integrating sustainability aspects into the group’s services as well as operations.

### BOARD’S PANDEMIC/CRISIS MANAGEMENT RESPONSE
- The Board responds swiftly and effectively to the evolving crisis and has taken proactive steps to manage the risks and its consequences to the business and the operating environment pursuant to changing regulatory developments. Sunway REIT has in place a Business Continuity Framework and Business Continuity Plan, which was adopted and executed by management to manage the pandemic crisis.
AUDIT COMMITTEE REPORT

The AC was appointed by the Board of the Manager for Sunway REIT. The AC Report provides insights into the manner in which the AC had discharged its duties and responsibilities in accordance with its TOR during the FP2021.

TERMS OF REFERENCE

The authority as well as the duties and responsibilities of the AC are clearly set out in its TOR which are periodically reviewed and updated to ensure its relevance based on regulatory changes and the recommended governance best practices. The TOR of the AC had been amended on 8 November 2021 to align with the MCCG 2021 and is available on Sunway REIT’s website at www.sunwayreit.com under the “Investor Relations” section.

COMPOSITION

The AC assists the Board to review, assess and make appropriate recommendations relating to financial and accounting reporting, internal controls systems, RPTs and management of potential conflict of interest.

The AC is chaired by a Senior Independent Non-Executive Director, who is not the Chairman of the Board, and comprised the following members, all of whom are Independent Non-Executive Directors, namely:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yeo Kar Peng</td>
<td>Senior Independent Non-Executive Director</td>
</tr>
<tr>
<td>Elvin A/L Berty Luke Fernandez</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Tan Sri Ahmad Bin Mohd Don</td>
<td>Independent Non-Executive Director (ceased on 31 May 2021)</td>
</tr>
<tr>
<td>Tengku Nurul Azian Binti Tengku Shahriman</td>
<td>Independent Non-Executive Director</td>
</tr>
</tbody>
</table>

In line with the recommendation of the MCCG 2021, Tan Sri Ahmad Bin Mohd Don ceased as a member of the AC since he was also Chairman of the Board.

Consequently, the composition of the AC has complied with the Listing Requirements and the principles and best practices set out in the MCCG 2021:

<table>
<thead>
<tr>
<th>Listing Requirements</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paragraph 15.09(1)(a) and (b)</td>
<td>The AC comprises 3 members, all of whom are Independent Non-Executive Directors, who have satisfied the test of independence under the Listing Requirements.</td>
</tr>
<tr>
<td>Paragraph 15.09(1)(c)</td>
<td>Yeo Kar Peng, is a member of CPA Australia. The Manager has fulfilled the requirement that at least a member of the AC must possess relevant accounting qualification or have related financial management expertise or experience.</td>
</tr>
</tbody>
</table>

Best Practices of MCCG 2021

- Practice 9.1 • Elvin A/L Berty Luke Fernandez is not the Chairman of the Board.
- Practice 9.2 • The TOR of the AC prohibit any former partner of Sunway REIT’s external auditors from being appointed as a member of the AC before observing a cooling-off of at least 3 years. Since the incorporation of the Manager on 14 February 2008, none of the members of the AC were former audit partners of Sunway REIT’s external auditors or hold any financial interest in the external auditors.
- Practice 9.3 • The AC has policies and procedures to assess the suitability, objectivity and independence of the external auditors.
- Practice 9.4 (Step Up) • The AC comprises solely of independent directors.
- Practice 9.5 • All members are financially literate, competent and are able to understand matters under the purview of the AC including the financial reporting process.
  - They have attended continuous professional development seminars/workshops to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

For more details, please refer to the Corporate Governance Report 2021 of the Manager on Sunway REIT’s website at www.sunwayreit.com under the “Investor Relations” section.

The Board had appointed an external consultant, the ICDM to independently assess the performance and effectiveness of the AC for the FP2021. The ICDM had reported to the Board that the composition of the AC was in compliance with the Listing Requirements. It was of the opinion that the AC had effectively fulfilled its functions and carried out its duties and responsibilities in accordance with the AC’s TOR.
MEETINGS AND ATTENDANCE

A total of 8 AC meetings were held during the financial period under review. The members of the AC and their respective attendance records were as follows:

<table>
<thead>
<tr>
<th>NAME</th>
<th>MEMBERSHIP</th>
<th>ATTENDANCE/HELD</th>
<th>% OF ATTENDANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elvin A/L, Berty Luke Fernandez</td>
<td>Chairman</td>
<td>7/8</td>
<td>87.5%</td>
</tr>
<tr>
<td>Tan Sri Ahmad Bin Mohd Don</td>
<td>Member</td>
<td>6/6</td>
<td>100%</td>
</tr>
<tr>
<td>Tengku Nurul Azlan Binti Tengku Shahriman</td>
<td>Independent Non-Executive Director</td>
<td>8/8</td>
<td>100%</td>
</tr>
<tr>
<td>Yeo Kar Peng</td>
<td>Member</td>
<td>8/8</td>
<td>100%</td>
</tr>
</tbody>
</table>

The following parties were invited to attend the AC meetings:

- **CEO, CFO and Compliance Officer**
  - All AC meetings
  - Purpose: To present quarterly and annual financial reports and provide clarifications on the financial reports as well as any audit issues highlighted.

- **Head of IAD**
  - All AC meetings
  - Purpose: To present the annual risk-based internal audit plan, quarterly internal audit reports and any special audit investigation reports.

- **External auditors**
  - 5 meetings
  - Purpose: To present to the AC the annual audit planning memorandum, the audit findings, the independent auditors’ report as well as key audit matters in respect of Sunway REIT.

- **Management Team of the Manager and the relevant Business Units having charge over the relevant auditees**
  - As and when necessary
  - Purpose: To brief the AC on specific issues involving their respective areas of responsibilities arising from their respective reports or on any matters of interest.

Minutes of each AC meeting were tabled for confirmation at each subsequent quarterly AC meeting. All the AC minutes were subsequently presented to the Board for discussion and decision. The Chairman of the AC reported the AC’s recommendations (if any) for the Board’s consideration and implementation.

The AC, the CEO and the Head of IAD monitored the implementation of the Whistleblowing Policy and Procedures, whilst duties relating to the day-to-day administration of the policy are performed by the Head of IAD. During the financial period under review, there were no cases reported through this channel.

**SUMMARY OF ACTIVITIES**

The AC carried out the following activities during the FP2021:

1. **Financial Reporting**
   - (a) Quarterly Financial Results
     - The AC had reviewed and discussed with the Management the quarterly financial reports and unaudited results. The AC also monitored RPTs closely and enquired on potential conflict of interest situations. There were no unusual transactions and accounting treatments highlighted during the FP2021. In addition, the AC ensured all regulatory and accounting disclosures and applicable accounting standards were adhered to.

     At each of the AC meetings held on 3 August 2020, 23 November 2020, 9 February 2021, 19 May 2021, 30 August 2021 and 8 November 2021, the AC deliberated and confirmed with the CFO that:

     - (i) the relevant accounting policies and methods of computation adopted by Sunway REIT were consistent with those adopted in the previous audited financial statements;
     - (ii) the new MFRS which have financial impact on Sunway REIT were also adopted;
     - (iii) there were no significant and unusual issues other than those reported in the unaudited financial results;
     - (iv) Sunway REIT would continue to operate as a going concern; and
     - (v) the relevant regulatory and legal requirements had been complied with for the preparation of the unaudited financial results.

     The AC had satisfied itself that the quarterly unaudited financial results of Sunway REIT had been prepared in accordance with the relevant financial reporting standards, the Listing Requirements, SC’s Guidelines on Listed REITs and the provisions of the Deed.

2. **External Audit**
   - On 11 August 2020, the AC reviewed the financial results for the fourth quarter ended 30 June 2020 and the annual audited financial statements of Sunway REIT for the financial year ended 30 June 2020 ("FY2020").
   - During the meeting, the AC had reviewed and discussed the following matters with the external auditors. The AC focused its attention on:

     - (i) the audit report;
     - (ii) significant audit findings;
     - (iii) the key audit matters;
     - (iv) the impact assessment on adoption of new accounting standards;
     - (v) the disclosures required in the Independent Auditors’ Report;
     - (vi) internal control and fraud related matters;
     - (vii) key accounting and audit adjustments; and
     - (viii) the Management’s responses to audit queries.

     The AC was also briefed on the financial reporting updates to the audit requirements issued by the Audit Oversight Board and the MFRS requirements arising from the COVID-19 pandemic.

     Based on the significant audit findings, the AC endorsed the inclusion of the following key audit matter in the external auditors’ report as follows:

     - The valuation of investment properties was material and it involved significant judgements and estimates in relation to the valuation of Sunway REIT’s investment properties including allowance for voids, term yield rates, reversionary yield rates, capitalisation rate and discount rates.
The Management and external auditors at the meeting confirmed that the Audited Financial Statements were prepared in accordance with the applicable MFRS and International Financial Reporting Standards, the SC’s Guidelines on Listed REITs, the provisions of the Deed and the Listing Requirements. The external auditors had also reviewed the internal auditor’s reports and performed the required procedures in accordance with “ISA 810 Using the Work of Internal Auditors”. The AC then recommended the Audited Financial Statements for the Board’s approval on 11 August 2020.

The AC also reviewed and endorsed the proposed non-audit services relating to the annual review of the Statement on Risk Management and Internal Control and the appointment of BDO PLT as reporting accountant for the acquisition of an office building known as “The Pinnacle Sunway” (“Non-audit Services”). A total audit and Non-audit Services fees for FY2020 amounting to RM126,000 and RM25,500 respectively were approved by the AC.

An annual assessment of the performance and effectiveness of the external auditors were performed by the AC in respect to their statutory audit services and non-audit services for FY2020. The assessments were based on a set of measurable and objective criteria.

The AC was satisfied with the scope of audit work, adequacy of audit resources and quality of audit services rendered as well as the leadership of the audit engagement partner and fieldwork leaders. Potential issues were brought to Management’s attention in sufficient time for them to be addressed without delaying the audit process.

The independence and objectivity of the external auditors were evaluated in accordance with the Policy on Selection of External Auditors. The audit engagement partner had also confirmed that pursuant to the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (including International Independence Standard), BDO PLT were, and have been, independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements and were not aware of any matters that might impair their professional independence.

Based on the assessment, the AC recommended to the Trustee the re-appointment of BDO PLT as the external auditors of Sunway REIT for FP2021.

(a) On 30 August 2021, the AC reviewed and discussed with the Management and external auditors, the Audit Planning Memorandum for FP2021 (“APM FP2021”). The APM FP2021 outlined the following:

(i) nature and scope of the audit plan;
(ii) areas of audit emphasis;
(iii) key audit matters;
(iv) audit approach and methodology;
(v) engagement team and its reporting responsibilities;
(vi) audit materiality;
(vii) audit reporting timelines and deliverables;
(viii) new MFRS adopted or to be adopted;
(ix) updates on International Standard on Quality Assurance 1;
(x) non-audit services covering the review of the Statement on Risk Management and Internal Control; and
(xi) proposed audit and non-audit fees for FP2021.

The external auditors had at the meeting:
(a) confirmed that they had compiled with the relevant ethical standards, including those pertaining to the auditors’ independence; and
(b) assured the AC that they would assess the new processes and measures established in light of the growing trend of working from home.

The AC then recommended for the Board’s approval, the APM FP2021.

(b) The AC conducted 3 private meetings with the external auditors on 11 August 2020, 30 August 2021 and 8 November 2021, without the presence of Management. The external auditors did not raise any major concerns which would hinder their audit work. The external auditors confirmed that they had received full cooperation from the Management and were given unrestricted access to the Manager and Sunway REIT’s records.

3. Internal Audit

(a) On 3 August 2020, the AC reviewed and approved the annual risk-based internal audit plan for FY2021 (“IA Plan FY2021”). The AC had subsequently on 11 May 2021 reviewed and approved the extended audit plan for FP2021 to include the audit assignments and schedule for the 6-month period from 1 July 2021 to 31 December 2021 in line with Sunway REIT’s change of financial year end from 30 June 2021 to 31 December 2021 (“Extended IA Plan FP2021”). Both the IA Plan FY2021 and Extended IA Plan FP2021 had been prepared in accordance with the best practices of the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (“IIA”). The IIA assured the AC of the adequacy of resources and their competencies to carry out the internal audit function effectively and independently. The planned assignments were selected based on identification and evaluation of the respective risks and control environment. The internal auditors planned its internal audit schedules in consultation with, but independent of the Management.

A total of 16 audit assignments were planned for the FP2021, covering the following areas:

(i) reviewing the adequacy and effectiveness of internal controls system focusing on key auditables areas of significant properties; and
(ii) to review the governance and compliance framework of the Manager and Sunway REIT to ensure compliance with policies, procedures, law and regulations.

The key emphasis areas covered under the IA Plan FY2021 and the Extended IA Plan FP2021 were as follows:

(b) The AC on a quarterly basis also monitored and reviewed the IA Plan FY2021 and Extended IA Plan FP2021 to ensure adequate audit coverage of the key risk areas as well as account developments which would impact the audit coverage.

c) The AC reviewed on a quarterly basis the internal audit reports presented by the IAD comprising audit findings, IAD’s recommendations, Management responses and corrective actions taken. The AC also deliberated on the audit findings of unplanned assignments or ad-hoc investigations, progress status of the IA Plan FY2021 and Extended IA Plan FP2021 as well as man hours utilisation to carry out the audit assignment.

(d) The AC had on 11 August 2020 assessed the annual performance of the IAD for FY2020 and reviewed its independence and effectiveness in terms of scope and compliance with relevant regulatory standards as well as its level of collaboration with the external auditors. The AC also assessed the adequacy of resources and core skills and competencies of staff within the IAD.

From its evaluation, the AC was satisfied with the performance of the IAD and was of the opinion that the size of the internal audit team was appropriate to its function, nature and scope of activities. The AC concluded that the IAD was effective and was able to function independently. The IAD was able to provide the Board and the Management with pertinent information on potential weaknesses in the system of internal controls as well as constructive input and ideas for remedial action.
(e) The IAD had on 23 November 2020 briefed the AC on the key takeaways from the review conducted by Bursa Malaysia and the SIA on selected listed issuers (“Thematic Review”). The IAD had also conducted a gap analysis focusing on 7 criteria of the Thematic Review at the overall internal audit function of the Manager and Sunway REIT and had reported to the AC that based on the gap analysis, there was no gap observed on the overall internal audit function of the Manager and Sunway REIT. Nonetheless, the IAD had advised the AC to consider several measures to enhance the internal audit function.

(f) The AC had on 9 February 2021 and 30 August 2021 met up with the internal auditors, without the presence of Management, to facilitate discussion of any matter in relation to audit issues and internal control weaknesses noted in the course of its audit. There were no major shortcomings or impediments highlighted by the IAD in relation to the execution of their audit assignments.

4. Reviewing RPTs and Conflict of Interest Situations

(a) During the financial period under review, the AC reviewed and deliberated on the related party transaction entered into by Sunway REIT with Sunway Putra Hotel Sdn Bhd, a related party of Sunway REIT, in relation to the renewal of the hotel master lease agreement (“HML”) for Sunway Putra Hotel (“SPH”). The AC was satisfied that the transaction was undertaken on an arm’s length basis, and on normal commercial terms which would not be more favourable to the related parties than those generally available to the public and in the best interest of unitholders.

(e) The AC had during the financial period under review, discussed at length with the management and the external auditors, the disclosure requirements in the financial reports of Sunway REIT in relation to the investment by a related party, Sunway Berhad, in the RM340 million Sunway REIT’s perpetual notes through wholesale funds regarded as structured entities controlled by Sunway Berhad ("Wholesale Funds"), under the Perpetual Note Programme of up to RM10.0 billion in nominal value of SUNREIT Perpetual Bond Berhad (“Perpetual Note Programme”) ("Issuance of PERPS").

In its deliberation, the AC had considered legal opinions from the lawyers and the advice of Sunway REIT’s external auditors.

The AC had subsequently concluded that:

(i) whilst the issuance of PERPS was not a related party transaction pursuant to the Listing Requirements, the Wholesale Funds were regarded as structured entities controlled by Sunway Berhad in accordance with MFRS 124: Consolidated Financial Statements;

(ii) in order to ensure compliance with MFRS 124: Related Party Disclosures, the respective disclosures for the issuance of PERPS and the distribution to the holders of the PERPS, who were related parties to Sunway REIT, would be included in Sunway REIT’s financial statements for the financial period under review;

and

(iii) the Manager would seek confirmation from Sunway Berhad on its investment in the PERPS through the Wholesale Funds on a quarterly basis to ensure full and accurate disclosure in the quarterly financial results of Sunway REIT.

5. Internal Controls System

(a) The AC had reviewed Sunway REIT’s internal controls system and was reasonably assured that the same were operating adequately and effectively.

(b) On 11 August 2020, the external auditors reported to the AC that based on the audit work performed, there were no significant weaknesses in Sunway REIT’s internal controls system in respect of their audit on Sunway REIT for the FY2020.

(c) As part of the IAD’s review on the adequacy and effectiveness of Sunway REIT’s internal controls system, compliance and governance, the IAD had reviewed, amongst others, the following:

(i) internal controls over the procurement processes of the respective Retail Properties and Service Properties;

(ii) car park operations, revenue and collections of Sunway Putra Mall (“SPM”);

(iii) key operational processes of the Office properties;

(iv) outsourced unit registry services provided by Sunway Management Sdn Bhd;

(v) Regulatory and Legal Compliance Review of Management and Sunway REIT with the Listing Requirements, SC’s Guidelines on Listed REITs, DoEd and the SC Licensing Handbook; and


The overall ratings for the above internal control systems had been assessed to be either “Satisfactory” or “Satisfactory-High” No non-compliance noted in the compliance review.

(d) The AC had also received assurances from the CEO and the CFO that Sunway REIT’s risk management and internal control systems were operating adequately and effectively, in all material aspects.

6. Other Matters

(a) The AC had regularly reviewed and assessed the adequacy and legal compliance of the Manager and Sunway REIT with the Listing Requirements, Companies Act 2016, the SC’s Guidelines on Listed REITs, Capital Markets and Services Act 2007 as well as with the Deed. Consequently, the AC was pleased that there were no non-compliances with the applicable laws as reported by the Compliance Officer at its quarterly meetings during the financial period under review.

(b) On 11 August 2020, the AC reviewed and recommended for the Board’s approval, the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control and AC Report for inclusion in the 2020 Integrated Report.

The AC had also reviewed and recommended for the Board’s approval, the 2020 Integrated Report of Sunway REIT.

(c) On 11 August 2020, 23 November 2020, 11 May 2021 and 30 August 2021, the AC was updated by the Company Secretary on the following developments in regulations and laws:

(i) Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries issued by the SC, which took effect on 30 July 2020 (see for Chapter 5 on Group Governance which came into effect on 1 January 2021);

(ii) Disclosure Guidance on COVID-19 related Impacts and Investments issued by Bursa Malaysia regarding the temporary increase in gearing limit and a temporary relief measure announced by the SC on 12 August 2020;

(iii) amendments made to the Listing Requirements in relation to new issue exercises; and
c

(iv) new guidelines on the use of electronic signature issued by the SC on 23 October 2020;

(v) the temporary increase in gearing limit for Malaysian REITs from 50% to 60% until 31 December 2022 announced by the SC on 12 August 2020;

(vi) the Compliance Monitor 2020 published by the SC on 8 October 2020;

(vii) the temporary relief measure announced by Bursa Malaysia on 10 November 2020 allowing eligible listed issuers to obtain mandated securities holders’ approval at a general meeting to undertake rights issue exercises;

(viii) the amendments made to the Listing Requirements in relation to lower public security holding spread requirements, subject to certain criteria being met, which came into effect on 1 March 2021;
INTERNAL AUDIT FUNCTION

The internal audit function is performed in-house and undertaken by the IAD of the Manager. The main role of the internal audit function is to provide the AC with independent and objective evaluation of the adequacy and effectiveness of the system of internal controls, risk management and governance framework of Sunway REIT.

The IAD had undertaken regular and systematic reviews of the risk management and internal controls system so as to provide reasonable assurance that the risk management and internal controls system continues to operate adequately and effectively at Sunway REIT.

To uphold the independence and objectivity of the internal audit function, the IAD reports functionally to the AC and administratively to the CEO. The AC has explicit authority to communicate directly with the IAD and vice versa. The IAD also has direct, unrestricted access to the AC to highlight any issues of concern at any time. In addition, the IAD has unfettered access to the Manager and Sunway REIT’s documents, records, properties and personnel.

The IAD is a member of the Malaysian Chapter of the IIA and adopts the International Standards for the Professional Practices of Internal Auditing (“IIA Standards”) laid down in the International Professional Practices Framework issued by the IIA. The IAD successfully completed its External Quality Assessment Review (“EQAR”) by Protiviti Pte Ltd of Singapore in 2019 and it was concluded that the IAD meets to continue to meet or exceed the IIA Standards in all key aspects. The next EQAR was originally planned to be carried out in year 2020 but it has been rescheduled to year 2022 due to the COVID-19 pandemic.

In order to ensure that the responsibilities of the IAD and the internal audit function were fully discharged, the AC had reviewed the IAP FY2021 and Extended IAP FY2021, the adequacy of the scope and resources of the internal audit function as well as the performance of the IAD in undertaking its internal audit function during the financial period under review.

Internal audit reports encompassing the audit findings together with the recommendations were presented to the AC on a quarterly basis. The IAD and Management were responsible for ensuring the corrective action plans had been carried out effectively within the agreed timeframe and regular follow-up audits had been performed to ensure management actions had been effectively implemented.

The IAD is led by Ms Khong Shiyi who has more than 15 years of audit experience and reports directly to the AC on a quarterly basis. The IAD and Management were responsible for ensuring the corrective action plans had been carried out effectively within the agreed timeframe and regular follow-up audits had been performed to ensure management actions had been effectively implemented.

Bachelors of Commerce Degree in Accounting and Marketing, and is a member of the CPA Australia. She is also a Chartered Accountant registered with the MIA.

The IAD comprises 4 internal auditors with relevant qualifications ranging from Bachelor’s degrees to professional accounting qualifications. They provide independent and objective assessment on the adequacy and effectiveness of the internal controls, risk management and governance framework of Sunway REIT.

To ensure the organisational independence of the IAD, the Head of IAD and all the internal auditors had signed the Annual Declaration that they were free from any relationships or conflict of interest, which would impair their objectivity and independence in their audit activities for the FP2021.

The internal audit activities undertaken by the IAD during the financial period under review were as follows:

1. prepared and presented the risk-based IA Plan FY2021 and subsequently, the Extended IA Plan FY2021 to include the audit assignments and timetable for the 6-month period from 1 July 2021 to 31 December 2021 in line with Sunway REIT’s change of financial year end from 30 June 2021 to 31 December 2021, both of which set out the audit strategy, risk-based audit approach, scope of work, key areas of audit emphasis and resource plans, to the AC for deliberation and approval;
2. updated the AC on the progress in executing the IA Plan FY2021 and the Extended IA Plan FY2021, and any internal control gaps and issues;
3. performed planned audit engagements which covered reviews of internal controls system, accounting and management information systems, compliance, risk management and governance practices;
4. briefed the Chairman of the AC in advance of the internal audit reports prior to presentation of the same to the AC;
5. presented the internal audit reports to the AC and the Management which covered the results of the internal audits, deepening key areas of concern, highlighting recommendations for improvements and agreed management action plans;
6. carried out follow-up audits on all major areas of concern and recurring issues to ensure that the corrective action plans were effectively implemented to enhance the governance, risk management and internal control processes within Sunway REIT;
7. reported to the AC on review of the adequacy, appropriateness and compliance with procedures established to monitor and report remedial actions;
8. reviewed the implementation of the Anti Bribery and Corruption Policy which was implemented by Management in response to the corporate liability provisions under the Malaysian Anti-Corruption Commission (Amendment) Act 2018;
9. acted on suggestions made by the AC and/or Management on concerns over operations and internal controls pertinent to the assets of Sunway REIT;
10. performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels;
11. ascertained the level of operational of Sunway REIT’s compliance with established policies, procedures and statutory requirements;
12. provided the Board, through the AC, reasonable assurance of the effectiveness of Sunway REIT’s risk management, internal controls and governance framework;

The total costs incurred by the IAD for the internal audit function of Sunway REIT for FY2021 amounted to RM824,904 as compared to RM573,709 in FY2020.

This AC Report was approved by the Board on 10 February 2022.
Sunway REIT has developed dynamic stakeholders’ management platforms to ensure robust engagement with our diverse spectrum of stakeholders. We encourage inclusive and interactive regular engagements with our stakeholders through multi-faceted platforms in aligning Sunway REIT’s strategic objectives/priorities to stakeholders’ expectations. The dynamic and robust engagement facilitates and guides Sunway REIT in rethinking our strategies to deliver financial performance while enriching the long-term value to our stakeholders. These engagements are undertaken at both the Manager and property level, entailing extensive discussion scopes on business strategies, financial performance, capital management strategies, sustainability and ESG.

The past year has been a challenging period where the world was adversely impacted by the health-led COVID-19 crisis. It is during these trying times that we should engage our internal and external stakeholders frequently to keep abreast with the current situation and plan ahead. In engaging and managing our stakeholders, we have laid out the medium, stakeholders’ concerns and our approach in which we are addressing them. We have also included key concerns that were raised by the focus group during the materiality assessment.

For more information on how Sunway REIT manages its risks, please refer to Mitigating Our Risks section.

AWARDS AND ACCOLADES
The Asset ESG Corporate Awards 2021: Best Investor Relations Team
Malaysian Investor Relations Association (MIRA) Awards 2020: Best Investor Relations Professional

INVESTOR RELATIONS ACTIVITIES
Analyst Coverage
Number of Meetings

ANALYSTS RECOMMENDATION (as at 31 December 2021)

Investment Community (Unitholders, Analysts, Fund Managers)
- Statutory announcement
- Annual General Meeting
- Unitholders meeting
- Integrated Annual Report
- Investors and analysts briefing
- Group and one-on-one meeting
- Conferences and non-deal roadmapør
- Retail investors webinar
- Corporate website
- Dedicated Investor Relations team email and contact
- Social media

STAKEHOLDERS’ KEY CONCERNS
- Financial and operational performance and DPU
- Business resilience and continuity
- Strategic direction and business growth
- Impact of COVID-19
- Prudent risk management
- Sustainability practices, ESG impact and ongoing effort to achieve sustainability goals and targets.
- Related material issues:
  - Physical Impacts of Climate Change
  - Pollution (Waste/ Effluents)
  - Resource Management (Energy)
  - Resource Management (Water)
  - Indirect Economic Impact
  - Health and Safety
  - Customer/Welfare
  - Risk and Crisis Management
  - Corporate Governance
  - Business Ethics

HOW WE ADDRESS THE CONCERNS
- Guidance on segmental performance and earnings outlook
- Updates on strategic direction and business strategies
- Updates on COVID-19 and policy changes impact on ongoing operation and business developments
- Briefing on material corporate development
- Dedicated personnel to attend to investor relations enquires
- Retail investors workshop to improve investor’s knowledge

- Refer to Goal 1: Transforming our Portfolios to Low-Carbon Assets from pages 142 to 153.
- Refer to Goal 2: Investing in Community Inclusivity from pages 157 to 176.
- Refer to Goal 4: Respecting Ethical Principles from pages 177 to 181.
## Stakeholder Engagement

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>The Way We Engage</th>
<th>Stakeholders’ Key Concerns</th>
<th>How We Address the Concerns</th>
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<td>Career development and progression</td>
<td>Refer to Goal 3: Investing in Community Inclusivity from pages 157 to 176. Refer to Goal 4: Respecting Ethical Principles from pages 177 to 181.</td>
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<tr>
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<td>Engagement dialogues and survey</td>
<td>Health, safety and well-being</td>
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<td>Training and workshops</td>
<td>Work-life balance, remuneration and employee benefits</td>
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<td>Performance and career development review</td>
<td>Good corporate governance</td>
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<td></td>
<td>Festive and birthday celebration</td>
<td>Related material issues: - Business Ethics - Human Capital Development - Health and Safety - Anti-Corruption - Corporate Governance</td>
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<tr>
<td>Media</td>
<td>Media conference</td>
<td>Financial and business performance, business outlook, strategic direction and strategies</td>
<td>Issue media releases on financial earnings and corporate development Host media conferences</td>
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<td>Media interview</td>
<td>Industry thought leader’s contribution</td>
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<td>Media release</td>
<td>Timely and fair dissemination of information</td>
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<td>Sunway REIT website</td>
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<td>Social media</td>
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<td></td>
<td>Related material issues: - Health and Safety - Corporate Governance - Pollution (Waste/ Effluents)</td>
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<td>Government, local authorities, regulators and industry affiliations</td>
<td>Work with Government on community enhancement projects</td>
<td>Compliance with government policies, rules and regulations</td>
<td>Adherence and compliance to all policies and regulations Spearhead M-REIT’s industry improvement initiatives and policies through MRMA Collaboration with local authorities in managing our properties Refer to Goal 4: Respecting Ethical Principles from pages 177 to 181.</td>
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<td>Consultation paper</td>
<td>Contribution to national, industry and capital market development</td>
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<td>Commentaries on policy implementations</td>
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<td></td>
<td>Maintain rapport with local authorities</td>
<td>Related material issues: - Anti-Corruption - Business Ethics - Corporate Governance</td>
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<td>Engagement meeting and workshop</td>
<td>Adherence and compliance to all policies and regulations</td>
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<td>Suppliers and Contractors</td>
<td>Request for proposal</td>
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<tr>
<td></td>
<td>Meeting and workshop</td>
<td>Landlord support and assistance (marketing, financial, repair, facility improvements etc.) Stringent safety and security Prompt customer/facility management service Optimum building uptime and quality of facilities</td>
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<td></td>
<td>Tender interview</td>
<td>Related material issues: - Health and Safety - Business Ethics - Anti-Corruption - Risk and Crisis Management - Corporate Governance</td>
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<td>Suppliers briefing and training programme</td>
<td>Transparent procurement processes and fair competition in compliance with procurement policies and ethical practices</td>
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<td>Supplier evaluation and audit</td>
<td>Occupational health and safety</td>
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<td>Related material issues: - Anti-Corruption - Business Ethics - Health and Safety - Corporate Governance - Risk and Crisis Management</td>
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<tr>
<td>Community</td>
<td>Surveys, customers’ feedback, customer service channels</td>
<td>Stewardship in environmental and social responsibility, and good governance</td>
<td>Refer to Goal 1: Transforming our Portfolios to Low-Carbon Assets from pages 142 to 153. Refer to Goal 3: Investing in Community Inclusivity from pages 157 to 176. Refer to Goal 4: Respecting Ethical Principles from pages 177 to 181.</td>
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</table>
Sunway REIT maintains a corporate website, www.sunwayreit.com to disseminate information and enhance its investor relations practices. All disclosures, material information and announcements made to Bursa Malaysia via Bursa LINK are published on the website shortly after the same is released by the newswire service or the relevant authorities. Supplemental, non-material information will be posted on the website as soon as practicable after it is available. The Investor Relations section on the website provides the Manager's investor relations efforts as well as all relevant information about Sunway REIT, such as financial information, announcements released to Bursa Malaysia, general meetings' materials, investor presentations, corporate governance matters, distribution information, press releases to the media and investor centres. The information is easily and readily accessible by the general public. Annual reports and circulars to unitholders are also made available on the website for review.

In addition, the Manager announces the targeted date for release of the financial results of Sunway REIT at least 2 weeks in advance prior to each Board meeting in order to keep the unitholders of Sunway REIT or investing public aware of the release timing of the financial results.

The Manager recognises the need for due diligence in maintaining, updating and clearly identify the accuracy, veracity and relevance of information on the website. All timely disclosure and material information will be clearly date-identified. The Manager has ongoing responsibility to ensure that the information on Sunway REIT’s website is up to date. While the Manager endeavours to provide as much information as possible to the unitholders and stakeholders of Sunway REIT, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Manager also has an insider trading policy to safeguard confidentiality of the material and price-sensitive information of Sunway REIT.

The Manager has an Investor Relations team to facilitate effective communication with unitholders, analysts, fund managers and the media. In addition, the Manager also listed on Sunway REIT’s website the email address, name and contact number of the Manager’s designated IR personnel as a channel to allow the public to forward queries relating to Sunway REIT to the Manager. For any concerns or queries regarding Sunway REIT, the unitholders may direct the attention of the queries to the Senior Independent Director of the Manager. The Board continues to ensure active engagement and is committed to transparent communication with unitholders and investors. The Manager regularly organises briefings and dialogues with fund managers, institutional investors and financial analysts as well as the media, not only to promote transparency and timely dissemination of the financial results of Sunway REIT, but also to keep them updated on the progress and development of Sunway REIT’s business and prospect.

**CONDUCT OF GENERAL MEETING**

Each copy of the 2020 Integrated Report of Sunway REIT and the relevant Circular to unitholders, including the notices of meetings, are made available to unitholders before the 8th AGM and Unitholders’ Meeting held on 2 October 2020. The notices of the meetings were also advertised in the local national language and English daily newspapers and announced to Bursa Malaysia via Bursa LINK. Sunway REIT served notice of its 8th AGM more than 28 days before the meeting, well in advance of the 21-day requirement under the Listing Requirements. The additional time given to the unitholders had enabled them to have sufficient time to scrutinise the 2020 Integrated Report and to make necessary registration to participate in the virtual meeting. It had also given at least 14-day notice for its Unitholders’ Meeting in 2020.

Sunway REIT also distributed together with its notices of 8th AGM and Unitholders’ Meeting, the Administrative Guides for the respective meetings, which furnished useful information regarding the conduct of the 8th AGM and Unitholders’ Meeting such as details of the virtual meeting, unitholders’ entitlement to participate and vote in the virtual meeting, their right to appoint proxy, steps and procedures to access and vote in the virtual AGM/Unitholders’ Meeting.

Unitholders are encouraged to attend the AGM and any unitholders’ meetings of Sunway REIT, which is the principal forum for dialogue between the Board and the unitholders. It provides unitholders the opportunity to engage the Board, gain insights on Sunway REIT’s assets performance and financial position, raise questions or concerns with regards to Sunway REIT as well as to discuss any other important matters with the Management and the Board. Due to the pandemic in 2020, the Company had conducted its 8th AGM and Unitholders’ Meeting on a fully virtual basis through livestreaming and online remote voting using the Remote Participation and Voting facility. The virtual meetings had enabled unitholders to participate remotely and safely from wherever they were. A unitholder who was not able to participate in the AGM/Unitholders’ Meeting was given the option of appointing a proxy to participate remotely and vote online on his/her behalf.

At the commencement of the 8th AGM, the CEO of the Manager briefed the unitholders on the highlights of the financial performance and achievements of Sunway REIT for the last financial year ended 30 June 2020 as well as the market outlook and strategic direction (TRANSCEND 2025) of Sunway REIT moving forward. As for the Unitholders’ Meeting, a representative from RHB Investment Bank Berhad, the Principal Adviser, presented the details of the corporate proposals tabled at the Unitholders’ Meeting for the unitholders’ understanding.

The Chairman provided ample time and opportunities for the Questions and Answers sessions during the AGM and Unitholders’ Meeting. All Directors of the Manager together with the CEO, CFO, the Trustee, the Principal Adviser, the Legal Adviser, the Valuer, the Management Team, both internal and external auditors were present to respond to any queries and clarifications addressed to them. Unitholders were also encouraged to send in their questions prior to the AGM/Unitholders’ Meeting via email or through the online platform.

All resolutions, set out in the notices of the 8th AGM and Unitholders’ Meeting, were voted remotely by poll. Messrs BDO Consulting Sdn Bhd, an independent scrutineer was appointed to validate the votes cast at each of the meetings. This was in line with paragraph 8.29A of the Listing Requirements. Sunway REIT had appointed Sunway Management Sdn Bhd as the Polling Administrator to conduct the polling process.

The Minutes of the 8th AGM and Unitholders’ Meeting were made available on Sunway REIT’s website at www.sunwayreit.com for the information of all unitholders.
**Corporate Governance Overview Statement**

**Communication with Stakeholders**

**Announcement of Quarterly Results**

- **23 November 2020**: Announcement of the unaudited results for the first quarter ended 30 September 2020
- **19 May 2021**: Announcement of the unaudited results for the third quarter ended 31 March 2021
- **9 November 2021**: Announcement of the unaudited results for the fifth quarter ended 30 September 2021

**Income Distribution**

- **For the first quarter ended 30 September 2020**: 0.90 sen per unit (of which 0.95 sen per unit was taxable and 0.35 sen per unit was non-taxable and 0.05 sen per unit was tax exempt)
  - Announcement of the notice of entitlement and payment: 12 October 2020
  - Date of entitlement: 26 October 2020
  - Date of payment: 10 November 2020

- **For the second quarter ended 31 December 2020**: 0.77 sen per unit (of which 0.39 sen per unit was taxable and 0.32 sen per unit was non-taxable and 0.06 sen per unit was tax exempt)
  - Announcement of the notice of entitlement and payment: 9 February 2021
  - Date of entitlement: 25 February 2021
  - Date of payment: 11 March 2021

- **For the semi-annual period ended 30 June 2021**: 1.63 sen per unit (of which 1.17 sen per unit was taxable and 0.35 sen per unit was non-taxable and 0.11 sen per unit was tax exempt)
  - Announcement of the notice of entitlement and payment: 30 August 2021
  - Date of entitlement: 15 September 2021
  - Date of payment: 29 September 2021

- **For the second semi-annual period ended 31 December 2021**: 2.80 sen per unit (of which 2.62 sen per unit was taxable and 0.17 sen per unit was non-taxable and 0.11 sen per unit was tax exempt)
  - Announcement of the notice of entitlement and payment: 28 January 2022
  - Date of entitlement: 16 February 2022
  - Date of payment: 25 February 2022

**Integrated Annual Report & Annual General Meeting**

- **28 February 2022**: Date of Notice of 9th Annual General Meeting
  - Date of Issuance of Integrated Annual Report 2021
- **7 April 2022**: Date of 9th Annual General Meeting

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**Statement on Risk Management and Internal Control**

The Manager is cognisant that Sunway REIT operates in a dynamic business environment in which the Manager’s risk management and internal controls system must be responsive to the changes in business environment to support the business objectives and strategies of Sunway REIT and to safeguard the investment of the unitholders of Sunway REIT.

The Board of the Manager is pleased to present this Statement on Risk Management and Internal Control which outlines the main features of risk management and internal control framework of the Manager for Sunway REIT for the financial period under review.

This Statement is prepared in accordance with Paragraph 15.26(b) of the Listing Requirements, Principle B of the Malaysian Code on Corporate Governance 2021 and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued on 31 December 2012 (“Guidelines”).

**The Board’s Responsibility**

The Board takes overall responsibility in the oversight and is committed in maintaining a sound system of internal controls and effective risk management practices of the Manager in managing Sunway REIT. The Board plays a pivotal role in setting the acceptable risk appetite and nurturing the culture towards managing key risks and continuously reviews the adequacy and effectiveness in identifying, assessing and responding to key risks of Sunway REIT assisted by its Board Committees.

The Risk Management Committee (“RMC”) assists the Board in overseeing the risk management framework and policies and the Audit Committee (“AC”) supports the Board in reviewing and monitoring the effectiveness of the system of internal controls, including soliciting feedback from the independent external auditors. The Board receives periodic reports from these Board Committees to keep the Board informed of the key deliberations and decisions on delegated roles.

The internal controls system of the Manager is designed to manage and minimise rather than eliminate the risks which may hinder the achievement of the business objectives of Sunway REIT and therefore, the system can only provide reasonable but not absolute assurance against material misstatements, financial losses or fraud.

**The Manager’s Responsibility**

The Manager is responsible for implementing the risk management framework and policies approved by the Board. The Manager has in place an on-going process of identifying, evaluating, monitoring and reporting the key risk areas affecting the achievement of the business objectives and strategies of Sunway REIT throughout the financial period. The Manager ensures suitable internal controls and adequate mitigating action plans are taken to minimise possible impact from the risks.

The Manager is also responsible in setting the right example to encourage and emphasise the importance of ethical business conduct.

The Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) assured the Board that the Manager’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Manager.

**The Manager’s Risk Management Framework**

The Manager established a robust enterprise risk management framework designed and adapted as reasonably practicable from ISO 31000:2018 Risk Management Guidelines which aimed to put in place a continuous process in identifying all business risks relevant to Sunway REIT, at the operation level of each property as well as at the fund level, within the defined risk parameters in a timely and effective manner. The Manager periodically reviewed the effectiveness of the risk management framework. All identified risks are recorded in a risk management scorecard, facilitated systematic and comprehensive review with proper mitigating action plans developed to manage the risks to an acceptable level and monitored on continuous basis. The Manager can only mitigate but not completely eliminate all risks, in particular systemic risks.

The framework principally:

- establishes clear governance structure with functional responsibilities and accountabilities for the management of risk;
- determines risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of Sunway REIT;
- sets risk policies and limits consistent with the risk appetite and risk tolerance of the Manager;
- promotes strong risk management practices and processes; and
- ensures appropriate skills, resources and system infrastructure are applied to risk management.
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The diagram below provides the overview of the governance structure of the Manager:

The Manager’s enterprise risk management framework is embedded into core business activities and decision-making processes of Sunway REIT to ensure that all material business risk at the operation level of each property as well as the fund level are prudently identified, analysed and effectively managed within the defined risk parameters.

The table below provides the key risk assessment activities for Sunway REIT:

- **Strategic**
  - Annual business plan
  - TRANSCEND 2027 strategy paper
  - Set risk appetite, tolerance, limit and threshold

- **Enterprise-wide (Function and Business Unit)**
  - Half-yearly risk reports
  - Updates risk assessment and rating, status of control measures and mitigation action plans

- **Major Investment Proposals**
  - Proposal papers for acquisition and asset enhancement initiatives
  - Indentify and assess key risks and recommendation to manage the risks

With this framework, the responsibility of the day-to-day risk management resides with the management teams of each business unit and heads of each function where they are the risk owners and accountable for managing the risks identified.

The Risk Officer communicates risk policies and procedures of the Manager to the risk owners and is responsible for ensuring all identified risks are recorded in the risk management scorecard to facilitate systematic review and monitoring and proper reporting to Risk Management Working Group (“RMWG”) and RMC.

The RMWG comprises of the CEO, CFO, Risk Officer, Compliance Officer and business unit heads. RMWG is chaired by the CEO who holds ultimate responsibility on the implementation of the risk management practices in Sunway REIT. The CEO actively communicates the Board’s expectations to the business unit management teams and functional heads at the periodic management meetings. At these meetings, risks relating to strategy, operational, financial, environment and compliance are discussed and dealt with action plans.

**Risk Management Committee**

The RMC has oversight on Sunway REIT’s risk management framework and policies. The RMC supports the Board in setting the tone from the top so as to embed and maintain appropriate risk culture. It guides the development of the risk appetite for various types of risk and exercises and recommends for the Board's approval, oversight on how this is operationalised into individual risk appetite limits.

The RMC comprises of four members, all of whom are Non-Executive Directors; one being Senior Independent Non-Executive Director, two being Independent Non-Executive Directors and one being Non-Independent Non-Executive Director.

The RMC has oversight on Sunway REIT’s risk management framework; and monitors the design and implementation of the risk management framework; and oversees management of risk identification, reporting and mitigation efforts.

During the financial period, three (3) RMC meetings were held to deliberate on the following matters:

1. reviewed the half-yearly risk reports which covered key risks identified at fund and operational levels, the corresponding rating for each risk as well as the control and mitigating action plans taken;
2. endorsed the Statement on Risk Management and Internal Control to be included in Sunway REIT’s 2020 Integrated Report;
3. reviewed the Business Continuity Management Framework of the Manager; and
4. reviewed the compliance with Guide on Cyber-Hygiene Practices issued by SC.

The RMC, with the assistance of the RMWG and Risk Officer:

- evaluates and determines the nature and extent of the risks the Board is ready to endorse in pursuit of Sunway REIT’s strategic objectives;
- ensures an appropriate and effective risk management framework is established and maintained;
- monitors the design and implementation of the risk management framework; and
- oversees management of risk identification, reporting and mitigation efforts.

The enterprise-wide risk management review is reported to the RMC on a half-yearly basis for deliberation. The Chairman of the RMC shall report the proceedings of each Committee meeting to the Board and highlight key risks that warrant the Board’s attention.

Key risks of Sunway REIT are discussed in Mitigating Our Risks section.

**Risk Appetite**

The Board has adopted a conservative risk appetite. Notwithstanding that, the appropriate level of risk tolerance will depend on the nature of projects undertaken and the objectives pursued. The risk appetite will be reviewed periodically by the RMC in response to the operating environment.
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY HIGHLIGHTS FOR FP2021

- The priorities for FP2021 set in the 2020 Integrated Report and additional initiatives during the financial period have been successfully implemented.

Risk Management Monitoring

- Three new key risks have been identified from the core business activities and changes in the operating landscape for mitigation during the financial period.

- Business Continuity Management

- Adopted Business Continuity Management Framework in accordance with the Guiding Principles on Business Continuity SC-GP1/2019 issued by the SC to strengthen the preparedness and resiliency of Sunway REIT during a crisis, supplemented by a Crisis Communication Policy approved by the Board.

- Anti-Bribery & Corruption Practices and Monitoring

- Conducted Anti-bribery & Corruption Policy and related policies training and communication to employees through medium such as email communication, virtual training and mandatory e-learning.

- Tailored a focused Anti-bribery & Corruption training to the Board, senior management personnel in key positions or roles.

- Facilitated corruption risk assessment workshop at the properties level during the financial period.

- Issued Anti-bribery & Corruption Declaration form and questionnaires to business associates, lessees, tenants, service providers, consultants, contractors, vendors and suppliers of Sunway REIT to cultivate a strong commitment on high integrity and ZERO TOLERANCE towards bribery and corruption.

- Assessment by IAD on Anti-bribery & Corruption Program at the properties level and the Manager level.

Cyber-Hygiene Practices

- Reviewed the compliance of current practices against the Guide on CyberHygiene Practices issued by SC to provide strong foundation to address cyber-related risks and enhance the cyber defences of Sunway REIT.

Data Privacy Management

- Operationalised Data Governance Framework of Sunway Berhad for the Manager and Business Unit Management Teams to ensure standardisation of data collection, management, usage and protection.

Climate Change Risk Assessment

- Appointed Jeffrey Sachs Center on Sustainable Development to conduct study and assessment on climate value-at-risk on the properties of Sunway REIT and to provide suggestions on mitigation action plan.

Priorities for FY2022

- The RMC will continue to assist the Board to oversee the implementation of the risk management framework while aiming to continuously improve the risk management framework, capabilities and culture across the Manager to ensure the long-term growth and sustainability of the business of Sunway REIT.

Risk Management Monitoring

- Identification of emerging risks and ensure all risks are appropriately managed through effective monitoring by the relevant risk owners, comprising the Functional Heads and respective Business Unit Management Teams.

Anti-Bribery & Corruption Best Practices

- Study on the observations and good practices adopted by capital market intermediaries in their management of the Corporate Liability Provision as shared by SC for implementation where relevant to further enhance the Anti-bribery & Corruption Policy and framework.

- Facilitate corruption risk assessment workshop at the properties level and the Manager level.

- Appraise Major Investment Proposals

- Evaluate and ensure risks pertaining to new acquisition and asset enhancement initiatives proposals are properly addressed.

Risk Appetite Statement

- Review the existing risk appetite statement in line with TRANSCEND 2027 strategic action plans.

Key Elements of the Manager’s System of Internal Control

The current system of internal control has within it, the following key elements:

- Clear vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.

- The Board with appropriate management reporting mechanisms which enable the Board to review the performance of Sunway REIT.

- The Board approves annual budgets and business plans prepared by each property during the business plan exercise to consider the challenges and strategies, relevant strengths, weaknesses, opportunities and threats including competitor, market and broader environmental analysis.

- Investment strategies and criteria which are agreed and formulated by the Investment Appraisal Working Group and recommendation on any acquisition or divestment would be presented to the Board for approval before escalating to the Trustee for approval.

- The AC with formal Terms of Reference clearly outlining its functions and duties delegated by the Board.

- The IAD which carries out internal audits based on an annual assessment, virtual training and mandatory e-learning.

- Comprehensive policies and procedures manuals that provide guidelines on, and authority limits over various operating, financial, human resources and health and safety matters.

- The use of the intranet as an effective means of communication and knowledge sharing.

- Regular manager meetings involving the review of the operations and financial performance of each property.

- Communication of policies and guidelines in relation to human resources matters to all employees through a staff handbook which is also available on the intranet.

- A systematic performance appraisal system for all levels of employees.

- Relevant training provided to personnel across all functions to maintain a high level of competency and capability.

Compliance Officer

- The Manager has designated a Compliance Officer to ensure the compliance with the Deed and all applicable SC Guidelines and securities law relating to Sunway REIT. The Compliance Officer monitors compliance based on the framework within the policy manual and compliance guidelines, procedures, guidance and assessment questionnaires that are in place for the compliance of the Deed, the SC’s Guidelines on Listed REITs, the SC Licensing Handbook, the Capital Markets and Services Act 2007 and the Listing Requirements.

Audit Committee and Internal Audit Department

- The AC, with the assistance of the IAD is tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of the system of risk management and internal controls. In carrying out its responsibilities, the AC relies significantly on the support of the internal audit function, which carries out internal audits based on a risk-based audit plan approved annually by the AC.

- Based on these audits, the AC is provided with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control. In addition, the AC also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements.

Review by External Auditors

This Statement on Risk Management and Internal Control (“Statement”) is reviewed by External Auditors in accordance with Paragraph 15.23 of the Listing Requirements. The External Auditors have performed limited assurance procedure on the Statement pursuant to the scope set out in the Audit and Assurance Practice Guide 3 (“AAPG 3”) Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report issued by the Malaysian Institute of Accountants, and reported to the Board that nothing has come to their attention that causes them to believe the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

The Board’s Conclusion

- The Board is pleased to report that the state of the internal control system and risk management practices are able to meet the objectives of the Manager and Sunway REIT to ensure good corporate governance practices. There was no material control failure or weakness that would have material adverse effect on the results of Sunway REIT for the financial period under review.

- The Board is satisfied that the risk management and internal control system in place for the financial period under review and up to the date of approval of this Statement, are adequate and effective.

- To this end, the Board remains committed towards maintaining a sound risk management and internal control systems and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

This Statement on Risk Management and Internal Control was approved by the Board on 10 February 2022.
The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia and SC's Guidelines on Listed REITs:

1. SANCTIONS OR PENALTIES

There was no public sanction or penalty imposed on the Manager by the relevant regulatory bodies during the FP2021.

2. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

On 29 June 2020, Sunway REIT had announced a proposal to undertake a private placement to raise gross proceeds of up to RM710.0 million at an issue price to be determined later by the Board ("Proposed Private Placement").

On 12 October 2020, following the book building process, the Board fixed the issue price at RM1.48 per unit. The Proposed Private Placement has been completed following the listing and quotation of 479,729,700 new units on Bursa Malaysia on 28 October 2020, raising gross proceeds of approximately RM710.0 million.

The gross proceeds raised from the Proposed Private Placement were utilised for settlement of balance purchase consideration of The Pinnacle Sunway, capital expenditure for expansion of Sunway Carnival Shopping Mall and to defray the expenses incurred in relation to the proposals.

As at 31 December 2021, the unutilised gross proceeds amounting to RM84.7 million has been placed in deposits with licensed financial institutions.

3. AUDIT AND NON-AUDIT FEES

Total audit and non-audit fees paid and payable to the external auditors, BDO PLT, for services rendered to Sunway REIT and its subsidiaries during the FP2021 were RM128,000 and RM25,500 respectively.

4. RECURRENT RELATED PARTY TRANSACTIONS

The details of significant recurrent related party transactions are disclosed in Note 33 to the Audited Financial Statements.

For more information, please refer to Audited Financial Statements section.
The Directors of Sunway REIT Management Sdn Bhd (the “Manager”), the Manager for Sunway Real Estate Investment Trust (“Sunway REIT”) are responsible for the preparation of the financial statements of Sunway REIT and its subsidiaries (the “Group”) for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the provisions of the deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 entered into between the Manager and RHB Trustees Berhad, the Securities Commission’s Guidelines on Listed Real Estate Investment Trusts, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), and to present it before the unitholders of Sunway REIT at its annual general meeting.

In preparing the financial statements, the Directors have:
- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and Sunway REIT keep accounting records which disclose the financial position of the Group and of Sunway REIT with reasonable accuracy, enabling them to ensure that the financial statements comply with the relevant statutory requirements.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of Sunway REIT and to detect and prevent fraud and other irregularities.

The Directors of Sunway REIT Management Sdn Bhd, the Manager for Sunway Real Estate Investment Trust (“Sunway REIT” or the “Fund”), has pleasure in presenting its report together with the audited financial statements of the Group and of the Fund for the financial period ended 31 December 2021.

Sunway REIT is a Malaysia-domiciled real estate investment trust constituted pursuant to a deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (collectively referred to as the “Deed”) between 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.

Sunway REIT’s key objective is to provide unitholders with exposure to a diverse portfolio of authorised investments (pursuant to provisions of the Deed) that will provide stable cash distributions with the potential for sustainable growth in net asset value (“NAV”) per unit.

Sunway REIT seeks to achieve its investment objective via the following broad strategies:
(a) active asset management strategy;
(b) acquisition growth strategy;
(c) capital and risk management strategy; and
(d) asset enhancement initiatives, including property development activities.

The Manager is of the view that it has achieved the investment objective for the financial period ended 31 December 2021. There was no change in the strategies and policies employed during the financial period.

DIRECTORS
The Directors of the Manager who have held office during the financial period until the date of this report are as follows:

Tan Sri Ahmad Bin Mohd Don
Dato’ Ng Tiong Lip
Elvin A/L Berty Luke Fernandez
Sarena Cheah Yean Tih
Ng Sing Hwa
Tengku Nurul Azian Binti Tengku Shahriman
Yeo Kar Peng

DIRECTORS’ BENEFITS
Neither at the end of the financial period, nor at any time during that period, did there subsist any arrangement to which the Manager was a party, whereby the Directors of the Manager might acquire benefits by means of the acquisition of units in or debentures of Sunway REIT.

Since the end of the previous financial year, no Director of the Manager has received or become entitled to receive any benefit, by reason of a contract made by the Manager or a related corporation with any Director of the Manager or with a firm of which the Director of the Manager is a member of, or with a company in which the Director of the Manager has substantial financial interest.
DIRECTORS’ INTERESTS

According to the register of depository of Sunway Real Estate Investment Trust, the unitholdings of the Directors of the Manager in office at the end of the financial period in units in Sunway REIT during the financial period were as follows:

<table>
<thead>
<tr>
<th></th>
<th>As at 1.7.2020</th>
<th>Acquired</th>
<th>Sold</th>
<th>As at 31.12.2021</th>
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<tr>
<td></td>
<td>Unit '000</td>
<td>Unit '000</td>
<td>Unit '000</td>
<td>Unit '000</td>
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<tr>
<td>Direct interest:</td>
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<td></td>
</tr>
<tr>
<td>Elvin A/L Berty Luke Fernandez</td>
<td>90</td>
<td>-</td>
<td>-</td>
<td>90</td>
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<td></td>
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<tr>
<td>Sarena Cheah Yean Tih, a/W</td>
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<td>196,216</td>
<td>-</td>
<td>1,400,297</td>
</tr>
</tbody>
</table>


The other Directors of the Manager in office at the end of the financial period did not have any interests in units in Sunway REIT during the financial period.

SOFT COMMISSION

There was no soft commission received by the Manager during the financial period from any broker or dealer by virtue of SOFT COMMISSION during the financial period.

OTHER INFORMATION (CONT’D.)

(e) As at the date of this report, there does not exist:
   (i) any charge on the assets of the Group and of the Fund which has arisen since the end of the financial period which secures the liabilities of any other person; and
   (ii) any contingent liability of the Group or of the Fund which has arisen since the end of the financial period except for material litigation as disclosed in Note 35 to the financial statements.

(f) In the opinion of the Manager:
   (i) the results of the operations of the Group and of the Fund during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature, except for the impact arising from the COVID-19 pandemic as disclosed in Note 34 to the financial statements;
   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Fund for the financial period in which this report is made; and
   (iii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months (12) after the end of the financial period which would or may affect the ability of the Group or of the Fund to meet their obligations when they fall due.

SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

Significant event during the financial period is disclosed in Note 34 to the financial statements.

MATERIAL LITIGATION

Material litigation is disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF0206), have expressed their willingness to continue in office.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 10 February 2022.

Dato' Ng Tiong Lip

Sarena Cheah Yean Tih, a/W
SUNWAY REIT

STATEMENT BY THE MANAGER

The Manager acknowledges its responsibilities for the preparation and fair presentation of the financial statements of Sunway Real Estate Investment Trust. In the opinion of the Manager, the financial statements set out on pages 231 to 297 are drawn up in accordance with the provisions of the trust deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (collectively referred to as the "Deed"), the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2021 and of their financial performance and cash flows for the financial period from 1 July 2020 to 31 December 2021.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 10 February 2022.

Dato' Ng Tiong Lip

Sarena Cheah Yean Tih, S.M.S.

STATUTORY DECLARATION

I, Irene Sin May Lin (CA 15332), being the officer primarily responsible for the financial management of Sunway Real Estate Investment Trust, do solemnly and sincerely declare that the accompanying financial statements set out on pages 231 to 297 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Irene Sin May Lin at Petaling Jaya in the State of Selangor Darul Ehsan on 10 February 2022.

Before me,

Irene Sin May Lin
INDEPENDENT AUDITORS’ REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Sunway Real Estate Investment Trust (“Sunway REIT” or the “Fund”), which comprise the statements of financial position as at 31 December 2021 of the Group and of the Fund, and the statements of profit or loss and other comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the financial period from 1 July 2020 to 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 231 to 297.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2021, and of their financial performance and their cash flows for the financial period from 1 July 2020 to 31 December 2021 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission’s Guidelines on Listed Real Estate Investment Trusts in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Fund for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF INVESTMENT PROPERTIES

As disclosed in Note 14 to the financial statements, the Group’s and the Fund’s investment properties were measured at RM8,701,745,000 as at 31 December 2021.

There were significant judgements and estimates involved in relation to the valuation of the Group’s and Fund’s investment properties including allowance for void, term yield rates, reversionary yield rates, capitalisation rates and discount rates.

Our audit procedures included the following:

(a) Discussed with management their process for reviewing the work of the independent valuers.
(b) Assessed the competency, independence and integrity of the independent valuers.
(c) Tested the integrity of the data provided to the independent valuers to underlying lease agreements.
(d) Benchmarked and assessed the key assumptions in the valuation reports to external industry data and comparable property transactions, in particular the allowance for void, term yield rates, reversionary yield rates, capitalisation rates and discount rates.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS’ REPORT THEREON

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Fund and our auditors’ report thereon.

Our opinion on the financial statements of the Group and of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGER AND TRUSTEE FOR THE FINANCIAL STATEMENTS

The Manager of the Fund is responsible for the preparation of financial statements of the Group and of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission’s Guidelines on Listed Real Estate Investment Trusts in Malaysia. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Group and of the Fund that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

In preparing the financial statements of the Group and of the Fund, the Manager is responsible for assessing the ability of the Group and of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Group or the Fund or to cease operations, or have no realistic alternative but to do so.

AUDITORS’ RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Fund.
INDEPENDENT AUDITORS’ REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

AUDITORS’ RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT’D.)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont’d.)

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
(d) Conclude on the appropriateness of the Manager’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements of the Group and of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group or the Fund to cease to continue as a going concern.
(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Fund, including the disclosures, and whether the financial statements of the Group and of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.
(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Fund for the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the unitholders of the Fund in accordance with the trust deed of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDQ PLT
Lum Chiew Mun
03023/04/2023 J
Chartered Accountant
Kuala Lumpur
10 February 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>Fund</th>
<th>1.7.2020 to 31.12.2021 (RM'000)</th>
<th>1.7.2019 to 30.6.2020 (RM'000)</th>
<th>1.7.2020 to 31.12.2021 (RM'000)</th>
<th>1.7.2019 to 30.6.2020 (RM'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Gross revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Realised</td>
<td>655,974</td>
<td>539,945</td>
<td>655,974</td>
<td>539,945</td>
</tr>
<tr>
<td></td>
<td>Unrealised (in relation to unbillied lease income receivable)</td>
<td>19,584</td>
<td>16,930</td>
<td>19,584</td>
<td>16,930</td>
</tr>
<tr>
<td>7</td>
<td>Property operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(218,492)</td>
<td>(140,066)</td>
<td>(218,492)</td>
<td>(140,066)</td>
</tr>
<tr>
<td>8</td>
<td>Interest income</td>
<td>457,076</td>
<td>416,809</td>
<td>457,076</td>
<td>416,809</td>
</tr>
<tr>
<td>9</td>
<td>Other income</td>
<td>180</td>
<td>224</td>
<td>180</td>
<td>224</td>
</tr>
<tr>
<td>10</td>
<td>Changes in fair value of investment properties</td>
<td>(53,343)</td>
<td>(41,283)</td>
<td>(53,343)</td>
<td>(41,283)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net profit</td>
<td>391,636</td>
<td>364,212</td>
<td>391,636</td>
<td>364,212</td>
</tr>
<tr>
<td></td>
<td>Manager’s fees</td>
<td>(53,912)</td>
<td>(36,989)</td>
<td>(53,912)</td>
<td>(36,989)</td>
</tr>
<tr>
<td></td>
<td>Trustee’s fees</td>
<td>(1,130)</td>
<td>(722)</td>
<td>(1,050)</td>
<td>(672)</td>
</tr>
<tr>
<td></td>
<td>Auditors’ remuneration:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Statutory audits</td>
<td>(128)</td>
<td>(126)</td>
<td>(122)</td>
<td>(122)</td>
</tr>
<tr>
<td></td>
<td>Other services</td>
<td>(26)</td>
<td>(3)</td>
<td>(26)</td>
<td>(3)</td>
</tr>
<tr>
<td></td>
<td>Tax agent’s fee</td>
<td>(40)</td>
<td>(37)</td>
<td>(34)</td>
<td>(32)</td>
</tr>
<tr>
<td></td>
<td>Valuation fees</td>
<td>(652)</td>
<td>(626)</td>
<td>(692)</td>
<td>(626)</td>
</tr>
<tr>
<td></td>
<td>Other trust expenses</td>
<td>(4,145)</td>
<td>(2,010)</td>
<td>(4,346)</td>
<td>(2,141)</td>
</tr>
<tr>
<td>11</td>
<td>Finance costs</td>
<td>(136,369)</td>
<td>(116,777)</td>
<td>(136,264)</td>
<td>(116,777)</td>
</tr>
<tr>
<td></td>
<td>Total expenses</td>
<td>(196,022)</td>
<td>(138,951)</td>
<td>(172,525)</td>
<td>(138,942)</td>
</tr>
<tr>
<td>12</td>
<td>Profit before tax</td>
<td>194,634</td>
<td>207,307</td>
<td>194,363</td>
<td>207,307</td>
</tr>
<tr>
<td>13</td>
<td>Taxation</td>
<td>850</td>
<td>900</td>
<td>850</td>
<td>900</td>
</tr>
<tr>
<td>14</td>
<td>Profit for the financial period/year</td>
<td>195,484</td>
<td>208,207</td>
<td>188,263</td>
<td>188,263</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the financial statements.
Integrated Annual Report 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

Income Distribution to Unitholders

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RM'000</td>
<td>RM'000</td>
<td></td>
</tr>
<tr>
<td>Realised profit for the financial period/year, representing income available for distribution in the period/year</td>
<td>221,907</td>
<td>228,449</td>
</tr>
<tr>
<td>Brought forward undistributed income available for distribution</td>
<td>-</td>
<td>453</td>
</tr>
<tr>
<td>Total income available for distribution</td>
<td>221,907</td>
<td>228,902</td>
</tr>
<tr>
<td>Distribution to unitholders during the period/year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution of 2.50 sen per unit for period from 1 July 2019 to 30 September 2019</td>
<td>-</td>
<td>(73,627)</td>
</tr>
<tr>
<td>Distribution of 2.45 sen per unit for period from 1 October 2019 to 31 December 2019</td>
<td>-</td>
<td>(72,154)</td>
</tr>
<tr>
<td>Final income distribution of 2.38 sen per unit for period from 1 January 2020 to 30 June 2020</td>
<td>(70,093)</td>
<td></td>
</tr>
<tr>
<td>Distribution of 0.90 sen per unit for period from 1 July 2020 to 30 September 2020</td>
<td>(26,506)</td>
<td></td>
</tr>
<tr>
<td>Distribution of 0.77 sen per unit for period from 1 October 2020 to 31 December 2020</td>
<td>(26,371)</td>
<td></td>
</tr>
<tr>
<td>Distribution of 1.63 sen per unit for period from 1 January 2021 to 30 June 2021</td>
<td>(55,824)</td>
<td></td>
</tr>
<tr>
<td>Proposed final income distribution of 2.80 sen per unit for period from 1 July 2021 to 31 December 2021</td>
<td>(95,895)</td>
<td></td>
</tr>
<tr>
<td>Balance undistributed income</td>
<td>17,311</td>
<td>13,028</td>
</tr>
</tbody>
</table>

*The proposed final income distribution will be recognised and paid in the financial year ending 31 December 2022.

The accompanying notes form an integral part of the financial statements.
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Units in circulation ('000)</td>
<td>22</td>
<td>3,424,808</td>
</tr>
<tr>
<td></td>
<td>Net asset value (&quot;NAV&quot;) attributable to unitholders:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Before income distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>After income distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NAV per unit attributable to unitholders (RM):</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Before income distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>After income distribution</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Before the proposed final income distribution of 2.80 sen per unit (30.6.2020: 2.38 sen per unit)

The accompanying notes form an integral part of the financial statements.
## STATEMENTS OF FINANCIAL POSITION
**AS AT 31 DECEMBER 2021**

### Fund
<table>
<thead>
<tr>
<th>Note</th>
<th>31.12.2021</th>
<th>30.6.2020 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
</tbody>
</table>

### Assets

#### Non-current assets
- **Investment properties**: 8,701,745 (30.6.2020: 8,020,233)
- **Investment properties - accrued lease income**: 36,514 (30.6.2020: 16,930)
- **Plant and equipment**: 11,556 (30.6.2020: 12,902)
- **Right-of-use asset**: 871 (30.6.2020: -)
- **Investments in subsidiaries**: 100 (30.6.2020: -)

- **Total non-current assets**: 8,750,786 (30.6.2020: 8,050,065)

#### Current assets
- **Trade receivables**: 39,788 (30.6.2020: 53,266)
- **Other receivables**: 8,277 (30.6.2020: 55,349)
- **Derivatives**: 49,991 (30.6.2020: 178,710)
- **Cash and bank balances**: 290,383 (30.6.2020: 101,755)

- **Total assets**: 9,150,413 (30.6.2020: 8,460,184)

### Equity and liabilities

#### Equity
- **Unitholders' capital**: 3,433,864 (30.6.2020: 2,727,829)
- **Undistributed income**: 1,691,632 (30.6.2020: 1,702,231)

- **Total Unitholders' funds**: 5,125,496 (30.6.2020: 4,430,060)

#### Non-current liabilities
- **Borrowings**: 1,600,000 (30.6.2020: 1,600,000)
- **Amounts due to subsidiaries**: 549,690 (30.6.2020: 539,582)
- **Long term liabilities**: 570,722 (30.6.2020: 78,524)
- **Deferred tax liability**: 13,091 (30.6.2020: 13,941)
- **Lease liability**: 861 (30.6.2020: -)

- **Total non-current liabilities**: 2,220,714 (30.6.2020: 2,232,047)

#### Current liabilities
- **Borrowings**: 395,675 (30.6.2020: 395,941)
- **Trade payables**: 5,150 (30.6.2020: 1,698)
- **Other payables**: 193,312 (30.6.2020: 138,966)
- **Amounts due to subsidiaries**: 1,210,036 (30.6.2020: 1,261,472)
- **Lease liability**: 30 (30.6.2020: -)

- **Total liabilities**: 4,024,917 (30.6.2020: 4,020,124)

- **Total equity and liabilities**: 9,150,413 (30.6.2020: 8,460,184)

---

The accompanying notes form an integral part of the financial statements.
## STATEMENTS OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

### GROUP

<table>
<thead>
<tr>
<th>Unitholders' Capital RM'000</th>
<th>Undistributed Income RM'000</th>
<th>Total Unitholders' Funds RM'000</th>
<th>Perpetual Note Holders' Funds RM'000</th>
<th>Total Equity RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,727,829</td>
<td>1,702,228</td>
<td>4,430,057</td>
<td>339,717</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the financial period</td>
<td>- 196,484</td>
<td>196,484</td>
<td>-</td>
<td>196,484</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cash flow hedge - fair value gain on derivative</td>
<td>- 35,605</td>
<td>35,605</td>
<td>-</td>
<td>35,605</td>
</tr>
<tr>
<td>- Cash flow hedge reserve recycled to profit or loss</td>
<td>- (32,977)</td>
<td>(32,977)</td>
<td>-</td>
<td>(32,977)</td>
</tr>
<tr>
<td>Total comprehensive income, representing the increase in net assets resulting from operations</td>
<td>- 198,112</td>
<td>198,112</td>
<td>-</td>
<td>198,112</td>
</tr>
<tr>
<td>Unitholders' transactions</td>
<td>Creation of units pursuant to private placement</td>
<td>710,000</td>
<td>-</td>
<td>710,000</td>
</tr>
<tr>
<td>Unit issuance expenses</td>
<td>(3,965)</td>
<td>- (3,965)</td>
<td>-</td>
<td>(3,965)</td>
</tr>
<tr>
<td>Distribution to unitholders:</td>
<td>Income distribution declared and paid in current period (Note 13)</td>
<td>- (108,701)</td>
<td>(108,701)</td>
<td>- (108,701)</td>
</tr>
<tr>
<td>- Income distribution proposed in prior year but paid in current period</td>
<td>- (70,093)</td>
<td>(70,093)</td>
<td>-</td>
<td>(70,093)</td>
</tr>
<tr>
<td>Increase in net assets resulting from unitholders' transactions</td>
<td>706,035</td>
<td>(178,794)</td>
<td>527,241</td>
<td>- 527,241</td>
</tr>
<tr>
<td>Perpetual Note Holders' transactions</td>
<td>Amount reserved for distribution to perpetual note holders</td>
<td>- (29,917)</td>
<td>(29,917)</td>
<td>- (29,917)</td>
</tr>
<tr>
<td>Decrease in net assets resulting from perpetual note holders' transactions</td>
<td>- (29,917)</td>
<td>(29,917)</td>
<td>-</td>
<td>(29,917)</td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>3,433,864</td>
<td>1,681,629</td>
<td>5,125,493</td>
<td>339,717</td>
</tr>
</tbody>
</table>

1 Issuance of 479,729,700 new units at the issue price of RM1.48 per unit, pursuant to the private placement exercise completed on 28 October 2020.

### GROUP (CONT’D.)

<table>
<thead>
<tr>
<th>Unitholders' Capital RM'000</th>
<th>Undistributed Income RM'000</th>
<th>Total Unitholders' Funds RM'000</th>
<th>Perpetual Note Holders' Funds RM'000</th>
<th>Total Equity RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,727,829</td>
<td>1,729,010</td>
<td>4,456,839</td>
<td>339,717</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the financial year</td>
<td>- 208,207</td>
<td>208,207</td>
<td>-</td>
<td>208,207</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cash flow hedge - fair value gain on derivative</td>
<td>- 9,184</td>
<td>9,184</td>
<td>-</td>
<td>9,184</td>
</tr>
<tr>
<td>- Cash flow hedge reserve recycled to profit or loss</td>
<td>- (11,300)</td>
<td>(11,300)</td>
<td>-</td>
<td>(11,300)</td>
</tr>
<tr>
<td>Total comprehensive income, representing the increase in net assets resulting from operations</td>
<td>- 206,091</td>
<td>206,091</td>
<td>-</td>
<td>206,091</td>
</tr>
<tr>
<td>Unitholders' transactions</td>
<td>Creation of units pursuant to private placement</td>
<td>710,000</td>
<td>-</td>
<td>710,000</td>
</tr>
<tr>
<td>Unit issuance expenses</td>
<td>(3,965)</td>
<td>- (3,965)</td>
<td>-</td>
<td>(3,965)</td>
</tr>
<tr>
<td>Distribution to unitholders:</td>
<td>Income distribution declared and paid in current year (Note 13)</td>
<td>- (145,781)</td>
<td>(145,781)</td>
<td>- (145,781)</td>
</tr>
<tr>
<td>- Income distribution proposed in prior year but paid in current year</td>
<td>- (67,148)</td>
<td>(67,148)</td>
<td>-</td>
<td>(67,148)</td>
</tr>
<tr>
<td>Decrease in net assets resulting from unitholders’ transactions</td>
<td>(212,929)</td>
<td>(212,929)</td>
<td>-</td>
<td>(212,929)</td>
</tr>
<tr>
<td>Perpetual Note Holders' transactions</td>
<td>Amount reserved for distribution to perpetual note holders</td>
<td>- (19,944)</td>
<td>(19,944)</td>
<td>- (19,944)</td>
</tr>
<tr>
<td>Decrease in net assets resulting from perpetual note holders’ transactions</td>
<td>- (19,944)</td>
<td>(19,944)</td>
<td>-</td>
<td>(19,944)</td>
</tr>
<tr>
<td>At 30 June 2020</td>
<td>2,727,829</td>
<td>1,702,228</td>
<td>4,430,057</td>
<td>339,717</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the financial statements.
### STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

#### FUND (CONT'D.)

<table>
<thead>
<tr>
<th>Unitholders' Capital RM'000</th>
<th>Undistributed Income RM'000</th>
<th>Total Unitholders' Funds RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2019</td>
<td>2,727,829</td>
<td>1,729,013</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the financial year</td>
<td>-</td>
<td>188,263</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cash flow hedge - fair value gain on derivative</td>
<td>-</td>
<td>9,184</td>
</tr>
<tr>
<td>- Cash flow hedge reserve recycled to profit or loss</td>
<td>(32,977)</td>
<td>(32,977)</td>
</tr>
<tr>
<td>Total comprehensive income, representing the increase in net assets resulting from operations</td>
<td>-</td>
<td>168,147</td>
</tr>
<tr>
<td>Unitholders' transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creation of units pursuant to private placement</td>
<td>710,000</td>
<td>710,000</td>
</tr>
<tr>
<td>Unit issuance expenses</td>
<td>(3,965)</td>
<td>(3,965)</td>
</tr>
<tr>
<td>Distribution to unitholders:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Income distribution declared and paid in current period (Note 13)</td>
<td>(108,701)</td>
<td>(108,701)</td>
</tr>
<tr>
<td>- Income distribution proposed in prior year but paid in current period</td>
<td>(70,093)</td>
<td>(70,093)</td>
</tr>
<tr>
<td>Increase in net assets resulting from unitholders' transactions</td>
<td>706,036</td>
<td>(178,794)</td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>3,433,864</td>
<td>1,691,632</td>
</tr>
</tbody>
</table>

1. Issuance of 479,729,700 new units at the issue price of RM1.48 per unit, pursuant to the private placement exercise completed on 28 October 2020.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts from customers</td>
<td>687,596</td>
<td>562,005</td>
<td>687,596</td>
<td>562,005</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refundable security deposits from customers</td>
<td>5,610</td>
<td>821</td>
<td>5,610</td>
<td>821</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid for operating expenses</td>
<td>(260,686)</td>
<td>(217,919)</td>
<td>(260,686)</td>
<td>(217,919)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>432,520</td>
<td>344,907</td>
<td>432,520</td>
<td>344,907</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of plant and equipment</td>
<td>Note a</td>
<td>(2,180)</td>
<td>(2,290)</td>
<td>(2,180)</td>
<td>(2,290)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposit for acquisition of investment property</td>
<td>(4,310)</td>
<td>(4,310)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance payment for acquisition of investment property</td>
<td>14</td>
<td>(405,000)</td>
<td>-</td>
<td>(405,000)</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incidental costs on acquisition of investment property</td>
<td>14</td>
<td>(4,717)</td>
<td>-</td>
<td>(4,717)</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsequent expenditure of investment properties</td>
<td>Note b</td>
<td>(300,259)</td>
<td>(72,358)</td>
<td>(300,259)</td>
<td>(72,358)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in short term money market instrument</td>
<td>(850,000)</td>
<td>(1,020,000)</td>
<td>(850,000)</td>
<td>(1,020,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redemption of short term money market instrument</td>
<td>980,000</td>
<td>840,000</td>
<td>980,000</td>
<td>840,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in a subsidiary</td>
<td>-</td>
<td>-</td>
<td>(100)</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash flows from licensed financial institutions with maturity of over 3 months</td>
<td>-</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>10,569</td>
<td>6,041</td>
<td>10,569</td>
<td>6,041</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(574,997)</td>
<td>(273,607)</td>
<td>(575,097)</td>
<td>(273,607)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of commercial papers</td>
<td>150,000</td>
<td>1,010,000</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of unrated medium term notes</td>
<td>1,210,000</td>
<td>1,400,000</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drawdown of revolving loan - USD</td>
<td>384,893</td>
<td>373,680</td>
<td>384,893</td>
<td>373,680</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drawdown of revolving loan</td>
<td>-</td>
<td>100,000</td>
<td>-</td>
<td>100,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of unrated medium term notes</td>
<td>(1,200,000)</td>
<td>(1,200,000)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of commercial papers</td>
<td>(200,000)</td>
<td>(960,000)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of revolving loan - USD</td>
<td>(373,680)</td>
<td>(392,310)</td>
<td>(373,680)</td>
<td>(392,310)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of new units</td>
<td>710,000</td>
<td>-</td>
<td>710,000</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of unit issuance expenses</td>
<td>(3,965)</td>
<td>(3,965)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>(137,388)</td>
<td>(115,239)</td>
<td>(137,388)</td>
<td>(115,239)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in inter-company balances</td>
<td>-</td>
<td>-</td>
<td>(39,999)</td>
<td>250,001</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution paid to unitholders</td>
<td>(178,794)</td>
<td>(212,929)</td>
<td>(178,794)</td>
<td>(212,929)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution paid to perpetual note holders</td>
<td>(29,862)</td>
<td>(19,944)</td>
<td>(29,862)</td>
<td>(19,944)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash from/(used in) financing activities</td>
<td>331,204</td>
<td>(16,741)</td>
<td>331,204</td>
<td>(16,741)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the financial statements.
The accompanying notes form an integral part of the financial statements.

1. FUND INFORMATION

Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund") is a Malaysia-domiciled real estate investment trust constituted pursuant to a deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (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 registered office of the Manager is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal place of business is located at Level 15, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47600 Subang Jaya, Selangor Darul Ehsan.

Sunway REIT is an income and growth fund with the key investment objective to provide unitholders with exposure to a diverse portfolio of authorised investments (pursuant to provisions of the Deed) that will provide stable cash distributions with the potential for sustainable growth in net asset value ("NAV") per unit. The principal investment policy of Sunway REIT is to invest in retail, hospitality, office and other real estate assets, subject to the Securities Commission's Guidelines on Listed Real Estate Investment Trusts ("Listed REIT Guidelines"). The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

There has been no significant change in the nature of the principal activity during the financial period.

The consolidated financial statements comprise the Fund and its subsidiaries (the "Group").

The Group and the Fund have changed their financial year end from 30 June to 31 December to synchronise the financial year end of Sunway REIT with its Manager and Sponsor, Sunway Berhad, with the approval granted from Trustee and the consent from the Securities Commission Malaysia. Therefore, the current financial year of Sunway REIT was an 18-month period from 1 July 2020 to 31 December 2021. Thereafter, the financial year of Sunway REIT will be a 12-month period ending on 31 December each year.

The financial statements for the financial period ended 31 December 2021 were authorised for issue in accordance with a resolution by the Board of Directors of the Manager on 10 February 2022.

Sunway REIT has entered into several service agreements in relation to the management of the Fund and its property operations. The fee structures of these services are as follows:

1.1 Manager’s fees

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

(a) Base fee of 0.3% per annum of the total asset value;

(b) Performance fee of 3% per annum of net property income, but before deduction of fees payable to the Property Manager;

The accompanying notes form an integral part of the financial statements.
1. FUND INFORMATION (CONT’D.)

1.1 Manager’s fees (cont’d.)

Pursuant to the Deed, the Manager of Sunway REIT is entitled to receive the following fees from Sunway REIT: (cont’d.)

(c) Acquisition fee of 1% of the acquisition price of any Asset of Sunway REIT being Real Estate or a Special Purpose Vehicle acquired by the Trustee for Sunway REIT (pro rated if applicable to the proportion of the interest in Real Estate or Special Purpose Vehicle purchased by the Trustee for Sunway REIT); and

(d) Divestment fee of 0.5% of the sale price of any Asset of Sunway REIT being Real Estate or a Special Purpose Vehicle sold or divested by the Trustee (pro rated if applicable to the proportion of the interest of Sunway REIT in the Asset of Sunway REIT sold).

The Manager’s fee shall be net of all applicable taxes, 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 form of cash, new units or a combination thereof, with the initial applicable proportion to be 50% in the form of cash and 50% in the form of new units, such proportion which may be varied at the discretion of the Manager. The Manager’s fees are payable monthly in arrears.

1.2 Property management fees

The Property Manager, Zerin Properties Uraihan Harta (“Zerin”), is entitled to receive a fixed fee for managing the retail and office properties owned by Sunway REIT. Zerin and/or its service providers shall be reimbursed in full for all property expenses which include the employment and remuneration costs of the centralised team of employees of Zerin and/or its service providers as provided in the Property Management Agreement dated 1 July 2021. The property management fees and reimbursements are payable monthly in arrears.

1.3 Trustee’s fees

Pursuant to the Deed, the Trustee of Sunway REIT is entitled to receive a fee of 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, calculated on a monthly accrual basis, based on a year of 12 months and is payable monthly in arrears.

For calendar year 2018 and onwards, the fee has been revised from 0.03% to 0.015% per annum of net asset value of Sunway REIT and the fee is subject to a maximum of RM700,000 per annum.

The trustee of SUNREIT Capital Berhad, PB Trustee Services Berhad, is entitled to receive a predetermined annual fixed fee.

The trustee of SUNREIT Unrated Bond Berhad, AmanahRaya Trustees Berhad, is entitled to receive a predetermined annual fixed fee.

The trustee of SUNREIT Perpetual Bond Berhad, Pacific Trustees Berhad, is entitled to receive a predetermined annual fixed fee.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Fund have been prepared in accordance with the provisions of the Deed, the Listed REIT Guidelines in Malaysia, Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards.

The financial statements of the Group and of the Fund have been prepared under the historical cost convention, except as otherwise stated in the financial statements and on a going concern basis.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) unless when otherwise stated.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial period. The new MFRSs and Amendments to MFRSs adopted during the financial period are disclosed in Note 36(a) to the financial statements.

3. BASIS OF ACCOUNTING

The Group and the Fund have net current liabilities (excluding derivatives at fair value) of RM1,415,640,000 and RM3,405,366,000 respectively as at 31 December 2021.

The following matters have been considered by the Manager in determining the appropriateness of the going concern basis in the preparation of the financial statements of the Group and of the Fund:

(a) RM3,404,000 relates to accrual for subsequent expenditure of investment properties of which will be funded by the existing debt facilities of the Group and of the Fund. The Group (held through its subsidiaries) has sufficient debt facilities limit available to be utilised within the gearing allowed under the Listed REIT Guidelines for the next twelve months;

(b) RM3,405,366,000 relates to borrowings of the Group, of which RM1,805,366,000 are secured by the investment properties as mentioned in Note 14 to the financial statements and borrowings as at 31 December 2021 (included secured and non-secured) are likely to be refinanced with the existing debt programme underpinned by the strength of the underlying assets and adequate liquidity in the debt market; and

(c) the Group and the Fund generated net operating cash inflows of RM432,520,000 for the financial period ended 31 December 2021. The Manager projects continued profitability and operating cash inflows for the Group and the Fund in the next twelve months.
4. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the product and services produced. Secondary information is reported geographically. The investment properties are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises the following main 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) Services - leasing of services related premises on long term leases
(v) Industrial & Others - leasing of industrial and other types of premises on long term leases

(c) Geographical segments

The Group’s geographical segments are based on the location of the Group’s assets. The Group’s five main business segments operate in four main geographical areas:

(i) Selangor - the operations in this area are principally renting of retail and office premises, leasing of hotel premises to a hotel operator, leasing of an industrial premises to a lessee and leasing of a purpose-built campus to lessees.
(ii) Kuala Lumpur - the operations in this area are principally renting of retail and office premises and leasing of a hotel premises to a hotel operator.
(iii) Penang - the operations in this area are principally renting of a retail premises and leasing of hotel premises to hotel operators.
(iv) Perak - the operation in this area is principally renting of a retail premises.

The following table provides an analysis of the Group’s revenue, results, assets, liabilities and other information by business segments:

<table>
<thead>
<tr>
<th>Business segments</th>
<th>31.12.2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>RM’000</td>
</tr>
<tr>
<td>Rental income</td>
<td>371,928</td>
</tr>
<tr>
<td>Master lease income</td>
<td>27,480</td>
</tr>
<tr>
<td>Car park rental income</td>
<td>2,176</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>404,047</td>
</tr>
<tr>
<td>Unbilled lease income receivable</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>404,047</td>
</tr>
<tr>
<td>Hotel</td>
<td>RM’000</td>
</tr>
<tr>
<td>Rental income</td>
<td>3,057</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>49,815</td>
</tr>
<tr>
<td>Unbilled lease income receivable</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>49,815</td>
</tr>
<tr>
<td>Office</td>
<td>RM’000</td>
</tr>
<tr>
<td>Rental income</td>
<td>99,141</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>101,634</td>
</tr>
<tr>
<td>Unbilled lease income receivable</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>101,634</td>
</tr>
<tr>
<td>Services</td>
<td>RM’000</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>91,241</td>
</tr>
<tr>
<td>Unbilled lease income receivable</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>91,241</td>
</tr>
<tr>
<td>Industrial &amp; Others</td>
<td>RM’000</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>9,237</td>
</tr>
<tr>
<td>Unbilled lease income receivable</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>9,237</td>
</tr>
<tr>
<td>Total</td>
<td>457,076</td>
</tr>
</tbody>
</table>

Interest income: 11,307
Other income: 180
Changes in fair value of investment properties:
- As per valuation reports: (36,746) (55,576) 6,983 23,996 4,000 (57,343)
- Unbilled lease income receivable: - - - (19,584) - (19,584)

Total expenses (excluding finance costs): (60,033)
Finance costs: (136,969)
Profit before tax: 194,634
Taxation: 850
Profit for the financial period: 195,484
4. SEGMENT INFORMATION (CONT’D.)

The following table provides an analysis of the Group’s revenue, results, assets, liabilities and other information by business segments: (cont’d.)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment assets</td>
<td>5,106,699</td>
<td>3,333,661</td>
</tr>
<tr>
<td>Unallocated assets</td>
<td>1,702,199</td>
<td>3,888</td>
</tr>
<tr>
<td>Total assets</td>
<td>6,808,898</td>
<td>3,347,549</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>201,440</td>
<td>11,221</td>
</tr>
<tr>
<td>Unallocated liabilities</td>
<td>7,657</td>
<td>9,017</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>279,097</td>
<td>18,238</td>
</tr>
<tr>
<td><strong>Other segment information</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>166,801</td>
<td>11,221</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,496</td>
<td>16</td>
</tr>
<tr>
<td>Other significant non-cash income/(expenses)</td>
<td>56,526 (166,801)</td>
<td>55,240 (11,221)</td>
</tr>
<tr>
<td>Unallocated</td>
<td>153</td>
<td>11,221</td>
</tr>
</tbody>
</table>

**note:**
- A: Includes purchases of properties
- B: Includes sales of properties

<table>
<thead>
<tr>
<th>Revenue</th>
<th>31.12.2021</th>
<th>30.6.2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental income</td>
<td>333,661</td>
<td>3,888</td>
</tr>
<tr>
<td>Master lease income</td>
<td>40,304</td>
<td>58,925</td>
</tr>
<tr>
<td>Car park rental income</td>
<td>5,121</td>
<td>1,373</td>
</tr>
<tr>
<td>Other operating income</td>
<td>6,158</td>
<td>2,495</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>364,653</td>
<td>535,949</td>
</tr>
<tr>
<td>Unbilled lease income receivable</td>
<td>16,930</td>
<td>16,930</td>
</tr>
<tr>
<td>Total</td>
<td>381,583</td>
<td>552,879</td>
</tr>
</tbody>
</table>

**profit before tax:**
- 208,207
- 117,357

**sustainability statement:**
A framework of trust and accountability

**additional information:**
Integrated Annual Report 2021
4. SEGMENT INFORMATION (CONT’D.)

The following table provides an analysis of the Group’s revenue, results, assets, liabilities and other information by business segments: (cont’d.)

Business segments (cont’d.)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>Selangor</td>
<td>530,751</td>
<td>439,343</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>91,679</td>
<td>68,690</td>
</tr>
<tr>
<td>Penang</td>
<td>48,624</td>
<td>45,097</td>
</tr>
<tr>
<td>Perak</td>
<td>4,504</td>
<td>3,745</td>
</tr>
<tr>
<td>Total</td>
<td>675,558</td>
<td>556,875</td>
</tr>
</tbody>
</table>

Gross revenue

Segment net property income

Capital expenditure

Segment assets

Unallocated assets

* Overaccrual in prior years.

Other segment information

Depreciation

Other non-cash income/(expenses)

Unallocated

* Overaccrual in prior years.
5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT’D.)

(a) Capital management (cont’d.)

Sunway REIT’s capital is represented by its unitholders’ fund in the Statements of Financial Position.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Note 14)</td>
<td></td>
<td>155,626 RM'000</td>
<td>(22,117) RM'000</td>
</tr>
<tr>
<td>Investment property</td>
<td></td>
<td>148,096 RM'000</td>
<td>38,253 RM'000</td>
</tr>
<tr>
<td>under construction</td>
<td></td>
<td>2,332 RM'000</td>
<td>2,805 RM'000</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td></td>
<td>308,054 RM'000</td>
<td>33,841 RM'000</td>
</tr>
<tr>
<td>(Note 15)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Group is not subject to any other externally imposed capital requirement.

(b) Financial risk management objectives and policies

The Manager proactively reviews the capital management of the Group and of the Fund to ensure that adequate financial resources are available for the working capital requirements, growing the Group’s and the Fund’s businesses and for income distributions whilst managing its interest rate risks (both fair value and cash flow), liquidity risk, foreign currency risk and credit risk. The Manager reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s and the Fund’s financial instruments will fluctuate because of changes in market interest rates. The Group’s and the Fund’s interest rate risk arises primarily from borrowings at floating rates. All of the Group’s and the Fund’s borrowings at floating rates are contractually re-priced monthly and quarterly.

The Manager manages the Group’s and the Fund’s interest rate exposure by monitoring a mix of fixed and floating rate borrowings. At the reporting date, the Group’s and the Fund’s cross currency swap contracts are not affected by any interest rate benchmarks reforms. Approximately 38% (30.6.2020: 43%) of the Group’s and 10% (30.6.2020: 20%) of the Fund’s borrowings are at fixed rates of interest.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 19, 20 and 24 to the financial statements.
raise committed funding from both capital markets and financial institutions and balances their portfolio with some available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Fund short term funding so as to achieve overall cost effectiveness.

USD95.5 million Loan Facility as disclosed in Note 24(c) to the financial statements.

dealing exclusively with high credit rating counterparties.

its obligations. The Group's and the Fund's exposure to credit risk arises primarily from trade receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Fund minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit risk (cont'd.)

The Group's and the Fund's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Fund trade only with recognised and creditworthy third parties. It is the Group's and the Fund's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Fund's exposure to bad debts is not significant.

The credit risk concentration profiles have been disclosed in Notes 17 and 18 to the financial statements.

6. REVENUE

<table>
<thead>
<tr>
<th></th>
<th>Group/Fund</th>
<th>1.7.2020</th>
<th>1.7.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Realised</td>
<td></td>
<td>474,126</td>
<td>377,853</td>
</tr>
<tr>
<td>Rental income</td>
<td></td>
<td>127,958</td>
<td>117,357</td>
</tr>
<tr>
<td>Master lease income</td>
<td></td>
<td>26,945</td>
<td>24,495</td>
</tr>
<tr>
<td>Car park rental income</td>
<td></td>
<td>26,945</td>
<td>20,240</td>
</tr>
<tr>
<td>Other operating income</td>
<td></td>
<td>655,974</td>
<td>539,345</td>
</tr>
<tr>
<td>Unrealised</td>
<td></td>
<td>19,584</td>
<td>16,930</td>
</tr>
<tr>
<td>Unbilled lease income receivable</td>
<td></td>
<td>675,558</td>
<td>556,875</td>
</tr>
</tbody>
</table>

(a) Rental income

Rental income is derived from renting of retail and office properties to tenants and includes base rent, turnover rent and service and promotion charges from tenants. Base rent and service and promotion charges are recognised in profit or loss on a straight-line basis over the term of lease. Contingent rent such as turnover rent is recognised as income in the profit or loss on an accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(b) Hotel master lease income

Hotel master lease income is derived from leasing of hotel properties to hotel operators for a 10-year lease term and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

The hotel master lease income for Sunway Clio Hotel and Sunway Hotel Georgetown are derived based on the following rent formula:

Total rent = The higher of variable rent or guaranteed rent
6. REVENUE (CONT’D.)
   (b) Hotel master lease income (cont’d.)

Variable rent = Base rent plus 70% of (hotel’s gross operating profit less master lease expenses)

   (i) Base rent: 20% of the hotel’s gross operating revenue.
   (ii) Gross operating profit: Hotel’s gross operating revenue less operating expenses.
   (iii) Master lease expenses: Base rent, reserve for furniture, fittings and equipment and hotel management fees.

The hotel master lease agreement for Sunway Resort Hotel, Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya
has been renewed on 7 July 2020 for another term of 10 years, commencing from 8 July 2020, with the rent formula
of 90% of hotel’s gross operating profit. Similarly, Sunway Putra Hotel has renewed its hotel master lease agreement
on 30 August 2021 for another term of 10 years, commencing from 28 September 2021, with the rent formula of 90% of
hotel’s gross operating profit.

(e) Hospital master lease income

Hospital master lease income is derived from leasing of a medical premises to a hospital operator for a 10-year lease
term at a predetermined annual rental with a 3.5% annual rental increase and is recognised on a straight-line basis
over the term of lease unless recoverability is in doubt, in which case, it is recognised on receipt basis.

The hospital master lease is based on a triple net basis whereby all the property operating expenses, quit rent,
assessment and insurance will be borne by the hospital operator.

(d) Industrial master lease income

Industrial master lease income is derived from leasing of an industrial premises to a lessee with initial term of
approximately 17 years expiring on 31 December 2034 and is recognised on a straight-line basis over the term of
lease unless recoverability is in doubt, in which case, it is recognised on receipt basis.

The industrial master 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.

(e) Education master lease income

Education master lease income is derived from leasing of an education premises to lessees with initial term of
30 years expiring on 30 November 2048 at a predetermined annual rental with a 2.3% annual rental increase and is
recognised on a straight-line basis over the term of lease unless recoverability is in doubt, in which case, it is
recognised on receipt basis.

(f) Car park rental income

Car park rental income is derived from renting of the investment properties’ car park space to car park operators
and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.
The car park rental income is derived based on the following variable rent formula:

Variable rent = Base rent plus 95% of car park’s gross operating profit

   (i) Base rent: 20% of the car park’s gross operating revenue.
   (ii) Gross operating profit: Car park’s gross operating revenue less base rent and operating expenses.

7. PROPERTY OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>1.7.2020</th>
<th>1.7.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>to 31.12.2021</td>
<td>to 30.6.2020</td>
</tr>
<tr>
<td>Quit rent, assessment and insurance</td>
<td>23,202 RM’000</td>
<td>14,703 RM’000</td>
</tr>
<tr>
<td>Property management fees and reimbursements</td>
<td>59,583 RM’000</td>
<td>41,560 RM’000</td>
</tr>
<tr>
<td>Utilities</td>
<td>33,065 RM’000</td>
<td>24,517 RM’000</td>
</tr>
<tr>
<td>Service contracts and maintenance</td>
<td>41,326 RM’000</td>
<td>27,825 RM’000</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>25,469 RM’000</td>
<td>16,645 RM’000</td>
</tr>
<tr>
<td>Allowance of impairment on trade receivables (Note 17)</td>
<td>20,294 RM’000</td>
<td>3,370 RM’000</td>
</tr>
<tr>
<td>Depreciation of plant and equipment (Note 15)</td>
<td>3,576 RM’000</td>
<td>2,388 RM’000</td>
</tr>
<tr>
<td>Administrative and other operating expenses</td>
<td>11,367 RM’000</td>
<td>9,058 RM’000</td>
</tr>
</tbody>
</table>

Total | 218,482 RM’000 | 140,066 RM’000 |

8. INTEREST INCOME

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>1.7.2020</th>
<th>1.7.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>to 31.12.2021</td>
<td>to 30.6.2020</td>
</tr>
<tr>
<td>Interest income from deposits with licensed financial institutions</td>
<td>9,283 RM’000</td>
<td>2,836 RM’000</td>
</tr>
<tr>
<td>Interest income from short term investment</td>
<td>2,024 RM’000</td>
<td>2,556 RM’000</td>
</tr>
<tr>
<td></td>
<td>11,307 RM’000</td>
<td>5,392 RM’000</td>
</tr>
</tbody>
</table>

Interest income is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt,
in which case, it is recognised on receipt basis.
9. **MANAGER'S FEES**

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>1.7.2020 to 31.12.2021 RM'000</th>
<th>1.7.2019 to 30.6.2020 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base fee</td>
<td>40,781</td>
<td>24,989</td>
</tr>
<tr>
<td>Performance fee</td>
<td>13,131</td>
<td>12,000</td>
</tr>
<tr>
<td>Acquisiton fee</td>
<td>4,500</td>
<td></td>
</tr>
</tbody>
</table>

The acquisition fee was capitalised as part of the acquisition cost of investment properties.

10. **FINANCE COSTS**

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>1.7.2020 to 31.12.2021 RM'000</th>
<th>1.7.2019 to 30.6.2020 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid/payable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- subsidiaries</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- revolving loans and interest rate swap</td>
<td>74,395</td>
<td>66,404</td>
</tr>
<tr>
<td>- commercial papers</td>
<td>404</td>
<td>2,642</td>
</tr>
<tr>
<td>- unrated medium term notes</td>
<td>63,305</td>
<td>46,456</td>
</tr>
<tr>
<td>Amortisation of transaction costs</td>
<td>4,834</td>
<td>3,222</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>8</td>
</tr>
</tbody>
</table>

| Less: Interest expense capitalised in investment properties (Note 14) | 5,970 | 2,339 |

| Total | 142,939                         | 118,731                      |

| Profit before tax | 194,634                         | 207,307                      |

| Income tax at Malaysian statutory tax rate of 24% | 50% | 30.6.2020: 24% |

| Fair value loss on investment properties | 13,762                         | 9,908                        |

| Income not subject to tax | 13,762                         | 9,908                        |

| Expenses not deductible for tax purposes | 13,762                         | 9,908                        |

| Taxation | 5,970 | 2,339 |

| Total | 136,969                         | 118,732                      |

| Taxation of the Unitholders |

Pursuant to Section 108D(2) of the Malaysian 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:

<table>
<thead>
<tr>
<th>Unitholders</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals and all other non-corporate investors such as institutional investors</td>
<td>10%</td>
</tr>
<tr>
<td>Non-resident corporate investors</td>
<td>24%</td>
</tr>
<tr>
<td>Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24%.</td>
<td></td>
</tr>
</tbody>
</table>
NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

12. BASIC EARNINGS PER UNIT ATTRIBUTABLE TO UNITHOLDERS

Basic earnings per unit amounts are calculated by dividing realised/unrealised total profit for the period/year attributable to unitholders of the Fund by the weighted average number of units in issue during the financial period/year.

<table>
<thead>
<tr>
<th>Fund</th>
<th>1.7.2020 to 31.12.2021 Unit '000</th>
<th>1.7.2019 to 30.6.2020 Unit '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of units in issue</td>
<td>3,320,823</td>
<td>2,945,078</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>1.7.2020 to 31.12.2021 RM'000</th>
<th>1.7.2019 to 30.6.2020 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realised</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total realised profit for the period/year attributable to unitholders of the Fund</td>
<td>221,907</td>
<td>228,449</td>
</tr>
<tr>
<td>Realised basic earnings per unit (sen)</td>
<td>6.68</td>
<td>7.76</td>
</tr>
<tr>
<td>Unrealised</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total unrealised loss for the period/year attributable to unitholders of the Fund</td>
<td>(56,340)</td>
<td>(40,186)</td>
</tr>
<tr>
<td>Unrealised basic loss per unit (sen)</td>
<td>(1.70)</td>
<td>(1.36)</td>
</tr>
</tbody>
</table>

Diluted earnings per unit equals basic earnings per unit as there were no potential dilutive unit in issue as at 31 December 2021 and 30 June 2020.

13. DISTRIBUTION PER UNIT

Distribution to unitholders is from the following sources:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net property income</td>
<td>450,076</td>
<td>416,809</td>
</tr>
<tr>
<td>Interest income</td>
<td>11,307</td>
<td>5,392</td>
</tr>
<tr>
<td>Other income</td>
<td>180</td>
<td>224</td>
</tr>
<tr>
<td>Changes in fair value of investment properties (Note 14)</td>
<td>(76,927)</td>
<td>(58,213)</td>
</tr>
<tr>
<td>Net investment income</td>
<td>391,636</td>
<td>364,212</td>
</tr>
<tr>
<td>Less: Expenses</td>
<td>(197,002)</td>
<td>(156,905)</td>
</tr>
<tr>
<td>Less: Taxation</td>
<td>850</td>
<td>900</td>
</tr>
<tr>
<td>Profit for the financial period/year</td>
<td>204,084</td>
<td>207,316</td>
</tr>
<tr>
<td>Less: Unrealised loss</td>
<td>(56,340)</td>
<td>(40,186)</td>
</tr>
<tr>
<td>Add: Brought forward undistributed income available for distribution</td>
<td>-</td>
<td>453</td>
</tr>
<tr>
<td>Total income available for distribution</td>
<td>147,744</td>
<td>161,934</td>
</tr>
<tr>
<td>Less: Income distributed</td>
<td>(108,701)</td>
<td>(145,781)</td>
</tr>
<tr>
<td>Less: Proposed final income distribution (Note 30)</td>
<td>(95,895)</td>
<td>(70,093)</td>
</tr>
<tr>
<td>Balance undistributed income</td>
<td>17,111</td>
<td>13,028</td>
</tr>
<tr>
<td>Distribution per unit (sen)</td>
<td>6.10</td>
<td>7.33</td>
</tr>
</tbody>
</table>

14. INVESTMENT PROPERTIES

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>1.7.2020 to 31.12.2021 RM'000</th>
<th>1.7.2019 to 30.6.2020 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- As per valuation reports</td>
<td>8,486,000</td>
<td>7,933,000</td>
</tr>
<tr>
<td>- Accrued lease income (Note 18)</td>
<td>(36,514)</td>
<td>(16,330)</td>
</tr>
<tr>
<td>Total investment properties</td>
<td>8,449,486</td>
<td>7,916,070</td>
</tr>
<tr>
<td>Investment property under construction</td>
<td>8,052,299</td>
<td>104,163</td>
</tr>
<tr>
<td>Net investment property</td>
<td>8,701,746</td>
<td>7,902,233</td>
</tr>
</tbody>
</table>
14. INVESTMENT PROPERTIES (CONT’D.)

Investment property under construction (cont’d.)

The investment property under construction consists of the following:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At valuation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of financial period/year</td>
<td>7,916,070</td>
<td>7,981,500</td>
</tr>
<tr>
<td>Additions from acquisition</td>
<td>450,000</td>
<td>-</td>
</tr>
<tr>
<td>Incidental costs on acquisition</td>
<td>4,717</td>
<td>-</td>
</tr>
<tr>
<td>Additions from subsequent expenditure (Note 4)</td>
<td>155,626</td>
<td>71,353</td>
</tr>
<tr>
<td>Reversal of subsequent expenditure (Note 4)</td>
<td>-</td>
<td>(38,610)</td>
</tr>
<tr>
<td>Changes in fair value (Note 4)</td>
<td>(573,433)</td>
<td>(41,283)</td>
</tr>
<tr>
<td>- As per valuation reports, net of subsequent expenditure</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Unbilled lease income receivable</td>
<td>(19,584)</td>
<td>(16,930)</td>
</tr>
<tr>
<td>At end of financial period/year</td>
<td>8,449,486</td>
<td>7,916,070</td>
</tr>
</tbody>
</table>

During the financial period, Sunway REIT acquired an investment property namely The Pinnacle Sunway for a purchase consideration of RM450,000,000, which was financed through proceeds from drawdown of borrowings and private placement exercise.

Investment properties of the Group and of the Fund amounting to RM8,486,000,000 (30.6.2020: RM7,853,000,000) are pledged as securities for borrowings as disclosed in Note 24 to the financial statements.

Investment property under construction

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of financial period/year</td>
<td>104,163</td>
<td>65,910</td>
</tr>
<tr>
<td>Additions from subsequent expenditure (Note 4)</td>
<td>148,096</td>
<td>38,253</td>
</tr>
<tr>
<td>At end of financial period/year</td>
<td>252,259</td>
<td>104,163</td>
</tr>
</tbody>
</table>
## 14. INVESTMENT PROPERTIES (CONT’D.)

Details of the investment properties are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunway Pyramid Shopping Mall Selangor</td>
<td>8 July 2010</td>
<td>Leasehold</td>
<td>99 years</td>
<td>76/81/84 years</td>
<td>31.12.2010</td>
<td>2,257,469</td>
<td>3,830,000</td>
<td>3,830,000</td>
<td>*74.7%</td>
<td>74.7%</td>
<td>74.7%</td>
</tr>
<tr>
<td>SunCity Ipoh Hypermarket Perak</td>
<td>8 July 2010</td>
<td>Leasehold</td>
<td>99 years</td>
<td>79 years</td>
<td>31.12.2010</td>
<td>76,348</td>
<td>53,000</td>
<td>53,000</td>
<td>**1.0%</td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Sunway Putra Mall Kuala Lumpur</td>
<td>19 April 2011</td>
<td>Freehold</td>
<td>-</td>
<td>-</td>
<td>31.12.2010</td>
<td>477,670</td>
<td>525,000</td>
<td>525,000</td>
<td>**10.2%</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Sunway Resort Hotel Selangor</td>
<td>8 July 2010</td>
<td>Leasehold</td>
<td>99 years</td>
<td>77 years</td>
<td>31.12.2010</td>
<td>703,527</td>
<td>575,000</td>
<td>575,000</td>
<td>*11.2%</td>
<td>11.2%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Sunway Putra Hotel Kuala Lumpur</td>
<td>19 April 2011</td>
<td>Freehold</td>
<td>-</td>
<td>-</td>
<td>31.12.2010</td>
<td>338,289</td>
<td>330,000</td>
<td>330,000</td>
<td>**6.4%</td>
<td>6.4%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Sunway Clio Property Selangor</td>
<td>9 February 2018</td>
<td>Leasehold</td>
<td>99 years</td>
<td>87 years</td>
<td>31.12.2010</td>
<td>345,576</td>
<td>307,000</td>
<td>307,000</td>
<td>**6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Sunway Medical Centre (Tower A &amp; B) Selangor</td>
<td>31 December 2012</td>
<td>Leasehold</td>
<td>99 years</td>
<td>76 years</td>
<td>31.12.2010</td>
<td>319,887</td>
<td>370,000</td>
<td>370,000</td>
<td>**7.2%</td>
<td>7.2%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Sunway university &amp; college campus Selangor</td>
<td>15 April 2019</td>
<td>Leasehold</td>
<td>99 years</td>
<td>77 years</td>
<td>31.12.2010</td>
<td>561,889</td>
<td>531,486</td>
<td>531,486</td>
<td>**11.1%</td>
<td>11.1%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Menara Sunway Selangor</td>
<td>8 July 2010</td>
<td>Leasehold</td>
<td>99 years</td>
<td>77 years</td>
<td>31.12.2010</td>
<td>151,406</td>
<td>172,000</td>
<td>172,000</td>
<td>*3.4%</td>
<td>3.4%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Sunway Tower Kuala Lumpur</td>
<td>8 July 2010</td>
<td>Freehold</td>
<td>-</td>
<td>-</td>
<td>31.12.2010</td>
<td>176,715</td>
<td>120,000</td>
<td>120,000</td>
<td>*2.3%</td>
<td>2.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Sunway Putra Tower Kuala Lumpur</td>
<td>19 April 2011</td>
<td>Freehold</td>
<td>-</td>
<td>-</td>
<td>31.12.2010</td>
<td>103,158</td>
<td>133,000</td>
<td>133,000</td>
<td>**2.6%</td>
<td>2.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Wisma Sunway Selangor</td>
<td>23 March 2015</td>
<td>Leasehold</td>
<td>99 years</td>
<td>73 years</td>
<td>31.12.2010</td>
<td>63,045</td>
<td>60,000</td>
<td>60,000</td>
<td>*1.2%</td>
<td>1.2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>The Pinnacle Sunway Selangor</td>
<td>20 November 2020</td>
<td>Leasehold</td>
<td>99 years</td>
<td>76 years</td>
<td>31.12.2010</td>
<td>456,077</td>
<td>466,000</td>
<td>466,000</td>
<td>*9.1%</td>
<td>9.1%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Sunway REIT Industrial - Shah Alam 1 Selangor</td>
<td>1 August 2017</td>
<td>Leasehold</td>
<td>99 years</td>
<td>78 years</td>
<td>31.12.2010</td>
<td>92,499</td>
<td>96,000</td>
<td>96,000</td>
<td>***2.2%</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

*Cost of investment comprises purchase consideration and capital expenditure incurred and accrued from inception date up to the end of the reporting date.

**After accounting for cumulative unbilled lease income receivable of RM36,514,000.

***Based on valuation carried out by an independent professional valuer, First Pacific Valuers Property Consultants Sdn Bhd on 30 June 2020.
14. INVESTMENT PROPERTIES (CONT'D.)

(a) Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

If the Group and the Fund determine that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group and the Fund shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group and the Fund are able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group and the Fund shall measure that property at its fair value.

(b) Fair value is determined in accordance with the Deed, the Listed REIT Guidelines and the Guidelines on Asset Valuation issued by the Securities Commission which require the investment properties to be valued by independent qualified valuers, having appropriate recognised professional qualifications and recent experience in the location and category of investment properties being valued, on annual basis. In determining the fair value, the valuers used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates reflect the current market conditions.

(c) The Group and the Fund measure fair values using the fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair values of investment properties of the Group and of the Fund are categorised as Level 3. Level 3 fair value is estimated using unobservable inputs for the investment properties. Changes in Level 3 fair value are assessed by the Manager annually after obtaining the valuation reports from the independent professional valuers. There is no transfer between levels in the fair value hierarchy during the financial period.

The following table shows a reconciliation of Level 3 fair value:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of financial period/year</td>
<td>7,916,070</td>
<td>7,981,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>7,916,070</td>
<td>7,981,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reversal</td>
<td>-</td>
<td>-</td>
<td>610,343</td>
<td>31,393</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value</td>
<td>-</td>
<td>-</td>
<td>(38,610)</td>
<td>(41,283)</td>
<td>(57,343)</td>
<td>(41,283)</td>
</tr>
<tr>
<td>- As per valuation reports, net of subsequent expenditure</td>
<td>-</td>
<td>-</td>
<td>(19,584)</td>
<td>(15,930)</td>
<td>(19,584)</td>
<td>(15,930)</td>
</tr>
<tr>
<td>- Unbilled lease income receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At end of financial period/year</td>
<td>8,449,486</td>
<td>7,916,070</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(d) The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

<table>
<thead>
<tr>
<th>Valuation technique</th>
<th>Valuation method</th>
<th>Significant unobservable inputs</th>
<th>Inter-relationship between significant unobservable inputs and fair value measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income approach by Investment Method</td>
<td>Discounted Cash Flow (DCF)</td>
<td>Allowance for void of 2.50% to 10.00% (30.6.2020: 2.50% to 10.00%)</td>
<td>Higher allowance for void, lower fair value</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Term yield rates ranging from 5.75% to 9.25% (30.6.2020: 5.75% to 9.25%)</td>
<td>Higher term yield rates, lower fair value</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reversionary yield rates ranging from 6.25% to 7.25% (30.6.2020: 6.25% to 7.25%)</td>
<td>Higher reversionary yield rates, lower fair value</td>
</tr>
<tr>
<td>Income approach by Discounted Cash Flow (DCF)</td>
<td>Average room rates during holding period ranging from RM160 per room to RM535 per room (30.6.2020: RM160 per room to RM405 per room)</td>
<td>Higher average room rates, higher fair value</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Average occupancy rates during holding period ranging from 45.00% to 92.50% (30.6.2020: 8.40% to 100.00%)</td>
<td>Higher average occupancy rates, higher fair value</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capitalisation rate ranging from 6.00% to 7.50% (30.6.2020: 6.25% to 7.75%)</td>
<td>Higher capitalisation rate, lower fair value</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Discount rate of 8.00% to 8.50% over 10 years holding period (30.6.2020: 8.00% to 8.50%)</td>
<td>Higher discount rate, lower fair value</td>
<td></td>
</tr>
</tbody>
</table>

(e) Methods of valuation

The income approach by investment method involves capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

The income approach by DCF method incorporates the estimation of future annual cash flows over an investment horizon (10 years) from the valuation date by reference to expected revenue growth rates, operating expenses and terminal value. The present value of future cash flow is then determined by the application of an appropriate discount rate to derive a net present value of the property as at the valuation date. It is assumed that the property is sold at the commencement of the terminal year of the cash flow at the expected rate of return of similar asset classes.

In undertaking the analysis, the valuers have used a wide range of assumptions for the properties including the growth of average room rates (for hotels)/gross rental revenue (for malls and offices) and other potential revenues during the holding period, projected occupancy, expense ratios/expected property expenses and other related expenses.

As the investment properties are commercial and income generating properties, the valuers have adopted the market value as derived from the Income Approach as a more appropriate method supported by the market value as derived from the Comparison Approach and/or Cost Approach.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

- Changes in fair value
  - As per valuation reports, net of subsequent expenditure
  - Unbilled lease income receivable

INVESTMENT PROPERTIES (CONT'D.)

- Valuation technique
  - Significant unobservable inputs
  - Inter-relationship between significant unobservable inputs and fair value measurement

- Methods of valuation
  - Income approach
  - Discounted Cash Flow (DCF)

- The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.
15. PLANT AND EQUIPMENT (CONT’D.)

(a) All items of plant and equipment are initially recorded at cost.

Subsequent to initial recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group and the Fund recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Office/computer equipment: 10% - 20%
- Furniture and fittings: 10%

The useful lives and residual values of plant and equipment are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

16. INVESTMENTS IN SUBSIDIARIES

<table>
<thead>
<tr>
<th>Fund</th>
<th>31.12.2021 RM’000</th>
<th>30.6.2020 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unquoted ordinary shares</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>
### 16. INVESTMENTS IN SUBSIDIARIES (CONT’D.)

Details of the subsidiaries are as follows:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Country of incorporation</th>
<th>Principal activity</th>
<th>% 272</th>
<th>% 30.6.2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUNREIT Capital Berhad</td>
<td>Malaysia</td>
<td>To undertake the issuance of commercial papers pursuant to the commercial papers programme (“CP Programme”) and/or medium term notes programme (“MTN Programme”) and all matters relating to the CP/MTN Programme</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>SUNREIT Unrated Bond Berhad</td>
<td>Malaysia</td>
<td>To undertake the issuance of unrated medium term notes (“Unrated MTNs”) under a medium term note programme (“MTN Programme”) and all matters relating to the Unrated MTNs under/or the MTN Programme</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>SUNREIT Perpetual Bond Berhad</td>
<td>Malaysia</td>
<td>To undertake the issuance of unrated perpetual bond under an unrated perpetual programme and all matters pertaining to the unrated perpetual bond under the unrated perpetual programme</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>SUNREIT Hartanah Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Property investment</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>SUNREIT Capital Berhad, SUNREIT Unrated Bond Berhad and SUNREIT Perpetual Bond Berhad are intended as Special Purpose Vehicle (“SPV”) to undertake the issuance of the commercial papers, unrated medium term notes and unrated perpetual bond for Sunway REIT.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUNREIT Hartanah Sdn. Bhd. is intended as a property investment company for Sunway REIT.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 17. TRADE RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Third parties</strong></td>
<td></td>
<td>58,738</td>
<td>55,505</td>
</tr>
<tr>
<td><strong>Amounts due from parties related to the Manager</strong></td>
<td></td>
<td>6,769</td>
<td>3,808</td>
</tr>
<tr>
<td><strong>Less: Allowance for impairment</strong></td>
<td></td>
<td>(25,719)</td>
<td>(6,047)</td>
</tr>
<tr>
<td><strong>Total trade receivables</strong></td>
<td></td>
<td>39,788</td>
<td>53,266</td>
</tr>
</tbody>
</table>

(a) Total trade receivables are classified as financial assets measured at amortised cost.

(b) Included in trade receivables is the following amounts due from parties related to the Manager:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sunway Berhad Group</strong></td>
<td></td>
<td>6,769</td>
<td>3,808</td>
</tr>
</tbody>
</table>

The amounts due from parties related to the Manager are unsecured and bear fixed interest rates ranging from 8% to 18% per annum (30.6.2020: 8% to 18% per annum) and the credit period is generally for a period of 7 days to 30 days (30.6.2020: 7 days to 30 days). The relationship with the parties related to the Manager is as disclosed in Note 33 to the financial statements.

(c) The Group’s and the Fund’s primary exposure to credit risk arises through its trade receivables. The Group’s and the Fund’s trading terms with its customers are mainly on credit. The credit period is generally for a period of 7 days to 30 days (30.6.2020: 7 days to 30 days). The Group and the Fund seek to maintain strict control over its outstanding receivables and have a credit control department to minimise credit risk. Overdue balances are reviewed regularly by the Manager. In view of the aforementioned and the fact that the Group’s and the Fund’s trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables that exceed credit terms will bear fixed interest rates ranging from 8% to 18% per annum (30.6.2020: 8% to 18% per annum).
17. TRADE RECEIVABLES (CONT’D.)

(d) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses.

The Group and the Fund consider credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group and of the Fund as identified in Note 4 to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group and the Fund have identified the Gross Domestic Product, unemployment rate, inflation rate, labour force participation rate and consumer price index as the key macroeconomic factors of the forward looking information. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss and other comprehensive income. On confirmation that the probability of collections is adversely affected, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information, including the effects of COVID-19 pandemic.

The reconciliation of movements in allowance for impairment accounts in trade receivables is as follows:

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>Credit impaired RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2020</td>
<td>6,047</td>
</tr>
<tr>
<td>Charged for the period (Note 7)</td>
<td>20,294</td>
</tr>
<tr>
<td>Written off</td>
<td>(622)</td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>25,779</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>Credit impaired RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2019</td>
<td>2,692</td>
</tr>
<tr>
<td>Charged for the year (Note 7)</td>
<td>3,370</td>
</tr>
<tr>
<td>Written off</td>
<td>(15)</td>
</tr>
<tr>
<td>At 30 June 2020</td>
<td>6,047</td>
</tr>
</tbody>
</table>

Trade receivables that are individually determined to be credit impaired at the financial period/year end relate to trade receivables who are in significant financial difficulties and have defaulted on payments.
17. TRADE RECEIVABLES (CONT’D.)

(f) The Manager determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group’s and the Fund’s trade receivables by segment at the reporting date are as follows:

By segment:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>RM’000</td>
<td>%</td>
<td>RM’000</td>
<td>%</td>
<td>RM’000</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td></td>
<td>33,561</td>
<td>84.3</td>
<td>49,092</td>
<td>92.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel</td>
<td></td>
<td>3,452</td>
<td>8.7</td>
<td>1,406</td>
<td>2.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office</td>
<td></td>
<td>646</td>
<td>1.6</td>
<td>712</td>
<td>1.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td>2,129</td>
<td>5.4</td>
<td>2,056</td>
<td>3.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial &amp; Others</td>
<td></td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>39,788</td>
<td>100.0</td>
<td>53,266</td>
<td>100.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group’s and the Fund’s varied customers. These customers are dispersed, engaged in a wide spectrum of activities and sell in a variety of end markets. The Manager’s experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, the Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group’s and the Fund’s trade receivables.

(g) At the end of the reporting period, the interest rate profile of the interest-bearing trade receivables was:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>RM’000</td>
<td>%</td>
<td>RM’000</td>
<td>%</td>
<td>RM’000</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Fixed rate</td>
<td></td>
<td>54,443</td>
<td></td>
<td>49,563</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sensitivity analysis for fixed rate trade receivables at the end of the reporting period is not presented as it is not affected by changes in interest rates.

18. OTHER RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>RM’000</td>
<td>%</td>
<td>RM’000</td>
<td>%</td>
<td>RM’000</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Non-current</td>
<td>Investment properties - accrued lease income (Note 14)</td>
<td>36,514</td>
<td></td>
<td>16,930</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>Deposits</td>
<td>4,238</td>
<td></td>
<td>45,778</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prepayments</td>
<td>1,462</td>
<td></td>
<td>5,009</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sundry receivables</td>
<td>2,577</td>
<td></td>
<td>4,562</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other receivables</td>
<td>8,277</td>
<td></td>
<td>55,349</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Included in other receivables is the following amounts due from parties related to the Manager:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>RM’000</td>
<td>%</td>
<td>RM’000</td>
<td>%</td>
<td>RM’000</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Sunway Berhad Group</td>
<td></td>
<td>2,169</td>
<td></td>
<td>2,238</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The amounts due from parties related to the Manager are unsecured, non-interest bearing and are repayable on demand. The relationship with the parties related to the Manager is as disclosed in Note 33 to the financial statements.

(b) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.

(c) The Group and the Fund have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(d) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Fund assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group and the Fund defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.
18. OTHER RECEIVABLES (CONT'D.)

(d) (cont'd.)

The probability of non-payment other receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables. The Group and the Fund have identified the Gross Domestic Product, unemployment rate, inflation rate, labour force participation rate and consumer price index as the key macroeconomic factors of the forward looking information.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward looking information and significant increase in credit risk, including the effects of COVID-19 pandemic.

Upon assessment on the estimated impact, no expected credit loss from other receivables is recognised during the period as it is not material.

(e) In the previous financial year, included in deposits was 10% earnest deposit paid for the acquisition of The Pinnacle Sunway which was completed on 20 November 2020.

(f) Accrued lease income is recognised on a straight-line basis over the lease term pursuant to the requirements of MFRS 16 Leases.

19. SHORT TERM INVESTMENT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial paper</td>
<td>50,000</td>
<td>180,000</td>
</tr>
<tr>
<td>Less: Discount on commercial paper</td>
<td>(9)</td>
<td>(290)</td>
</tr>
<tr>
<td>Gross</td>
<td>49,991</td>
<td>179,710</td>
</tr>
</tbody>
</table>

Sunway REIT had invested in a 1-month commercial paper issued by Sunway Berhad, a substantial unitholder of Sunway REIT. The investment earned fixed interest rate ranging from 2.20% to 2.90% per annum (30.6.2020: 2.90% to 3.55% per annum).

Short term investment with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity is classified as financial assets measured at amortised cost.

Sensitivity analysis for fixed rate short term investment at the end of the reporting date is not presented as change in interest rates would not have impact to the profit or loss.

20. CASH AND BANK BALANCES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand and at banks</td>
<td>19,543</td>
<td>31,816</td>
<td>19,383</td>
<td>31,755</td>
</tr>
<tr>
<td>Deposits with licensed financial institutions</td>
<td>271,000</td>
<td>70,000</td>
<td>271,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Total</td>
<td>290,543</td>
<td>101,816</td>
<td>290,383</td>
<td>101,755</td>
</tr>
</tbody>
</table>

(a) Cash at banks earn interest rates ranging from 1.45% to 1.89% per annum (30.6.2020: 1.80% to 2.98% per annum).

The weighted average interest rate and range of maturities of deposits with licensed financial institutions of the Group and of the Fund in current financial period are 2.02% per annum (30.6.2020: 3.23% per annum) and between 16 to 93 days (30.6.2020: 21 to 123 days) respectively.

(b) At the reporting date, the interest rate profile of the cash and bank balances was:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed rate</td>
<td>271,000</td>
<td>70,000</td>
<td>271,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Variable rate</td>
<td>19,481</td>
<td>31,748</td>
<td>19,321</td>
<td>31,687</td>
</tr>
</tbody>
</table>

Sensitivity analysis for fixed and variable rate cash and bank balances at the end of the reporting date is not presented as change in interest rates would not have material impact to the profit or loss.

(c) Cash and bank balances are classified as financial assets measured at amortised cost.

(d) No expected credit losses were recognised arising from cash at banks and deposits with licensed financial institutions because the probability of default by these financial institutions is unlikely.
21. DERIVATIVES (CONT’D.)

(c) Cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counter parties and interest rate curves.

(d) The fair value of the derivatives are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial period.

22. UNITHOLDERS’ CAPITAL

As at 31 December 2021, the Manager did not hold any units in Sunway REIT. However, the parties related to the Manager held units in Sunway REIT as follows:

<table>
<thead>
<tr>
<th>Number of units</th>
<th>Group/Fund</th>
<th>Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct unitholdings of parties related to the Manager:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sunway REIT Holdings Sdn. Bhd.</td>
<td>1,400,294</td>
<td>1,204,078</td>
</tr>
<tr>
<td>Indirect unitholdings of parties related to the Manager:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sunway Berhad ^</td>
<td>1,400,294</td>
<td>1,204,078</td>
</tr>
</tbody>
</table>

^ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway REIT Holdings Sdn. Bhd. and Sunway City Sdn. Bhd.
23. PERPETUAL NOTE HOLDERS’ FUNDS

SUNREIT Perpetual Bond Berhad, a wholly-owned subsidiary of Sunway REIT, had, on 21 March 2019, established a Perpetual Note Programme of RM1.0 billion in nominal value.

In April 2019, SUNREIT Perpetual Bond Berhad made its first issuance of RM340,000,000 perpetual note pursuant to the RM1.0 billion Perpetual Note Programme (“Perpetual Note”). The Perpetual Note was subscribed by wholesale funds, which are regarded as structured entities controlled by Sunway Berhad. The distribution to the perpetual note holders is a related party transaction as disclosed in Note 33 to the financial statements.

The sums raised from the Perpetual Note, which are money raised from the subscribers, are used as advances given to the Fund in the course of the Fund’s business for the purpose of financing investment activities.

This Perpetual Note is a financial instrument which has the following features:

(i) A perpetual non-call 5 years at a fixed coupon rate of 5.85% per annum, payable semi-annually and are redeemable at the option of SUNREIT Perpetual Bond Berhad subject to the terms of the Perpetual Note;

(ii) Direct, unsecured and subordinated obligations of SUNREIT Perpetual Bond Berhad and shall rank pari passu without any preference amongst themselves and the Perpetual Note will be issued with a perpetual tenure that does not have a fixed maturity date;

(iii) The Perpetual Note is unrated and shall be transferable and tradable; and

(iv) Deferred coupon payments, if any, are non-cumulative and SUNREIT Perpetual Bond Berhad is not under any obligation to pay that or any other distributions that have been paid in whole or in part.

Solely to be in compliance with Paragraph 16 of MFRS 132 Financial Instruments: Presentation, the Perpetual Note is classified as equity because the payment of any distribution or redemption is at the discretion of SUNREIT Perpetual Bond Berhad.

24. BORROWINGS

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial papers (a)</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Revolving loan - USD (c)</td>
<td>395,675</td>
<td>395,941</td>
</tr>
<tr>
<td>Unrated medium term notes (d)</td>
<td>1,200,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Less: Unamortised transaction costs (a)</td>
<td>(309)</td>
<td>(418)</td>
</tr>
<tr>
<td>Discount on commercial papers (e)</td>
<td>-</td>
<td>(105)</td>
</tr>
<tr>
<td></td>
<td>1,595,366</td>
<td>1,645,418</td>
</tr>
<tr>
<td>Long term borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrated medium term notes (d)</td>
<td>210,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Unsecured:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving loan (b)</td>
<td>1,600,000</td>
<td>1,600,000</td>
</tr>
<tr>
<td></td>
<td>1,810,000</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>3,405,366</td>
<td>3,445,418</td>
</tr>
</tbody>
</table>

(a) Commercial papers

SUNREIT Capital Berhad ("SUNREIT Capital" or the "Issuer"), a wholly-owned subsidiary of Sunway REIT, had, on 1 April 2019, issued its first commercial papers ("CPs") amounting to RM1.5 billion in nominal value at a discount to face value under a new 7-year commercial paper programme of up to RM3.0 billion in nominal value ("CP Programme"). The CP Programme has been accorded a rating of P1(s) by RAM Rating Services Berhad and may be partly or fully underwritten by underwriter(s) (the "Underwriter").

The CPs issued are for various tenures ranging from 1, 2, 3, 6, 9 or 12 months, and any amount that has been issued may be rolled over during the tenure of the programme at the option of the holder or reissued, to the same or new lenders. In view that the CPs issued carry tenures that are less than 12 months, the Group will classify the outstanding balance of the CPs as current liabilities despite there will be no roll over risk to the Group throughout the duration of the programme as the CP Programme maybe partly or fully underwritten by the Underwriter for the entire duration of the CP Programme.

The unamortised transaction costs in relation to the establishment of the CP Programme of RM309,000 (30.6.2020: RM418,000) will be amortised throughout the duration of the CP Programme.
24. BORROWINGS (CONT’D.)

(a) Commercial papers (cont’d.)

(i) Details of the CP Programme

The aggregate outstanding nominal value of the CPs issued under the CP Programme shall not exceed the applicable programme limit at any one time. The CPs may be issued via competitive tender, direct or private placement, bought deal basis or book running basis, all without prospectus at the option of the Issuer. Any increase or decrease in the total commitment by the Underwriter (“Prevailing Underwriting Commitment”) is subject to the terms of the relevant agreement between the Issuer and the relevant Underwriter. At all times, the amount underwritten shall not exceed the programme limit of the CP Programme. The Underwriter reserves the right to sell down all or part of its underwriting commitment.

(ii) Utilisation of the proceeds

The proceeds raised from the CP Programme shall be utilised by the Issuer for the purpose of advancing to Sunway REIT, where the Trustee shall utilise such proceeds to repay the existing borrowings granted by the Underwriter, as working capital requirements of Sunway REIT and to defray expenses incurred in relation to the CP Programme, for financing including repayment of cash utilised by Sunway REIT to part finance the investment activities (including capital expenditure and the related acquisition and financing expenses) of Sunway REIT and/or refinancing of existing/future borrowings undertaken by Sunway REIT for its investment activities (including capital expenditure and the related acquisition and financing expenses). The proceeds shall also be utilised to refinance maturing CPs on their respective maturity dates subsequent to the first issuance of the CPs and to refinance debt and/or hybrid securities that has been issued or may be issued by any other special purpose vehicle established by Sunway REIT.

(b) Revolving loan

Sunway REIT had, on 26 April 2019, obtained a revolving loan facility of RM1.5 billion (“RL Facility”) from a financial institution. The purpose of the RL Facility is to partly or fully repay the outstanding CPs by Sunway REIT and to part finance the investment activities (including capital expenditure and the related acquisition and financing expenses) of Sunway REIT. The aggregate of the principal outstanding under the RL Facility is subject to the terms of the relevant agreement between the Issuer and the relevant Underwriter. At all times, the amount underwritten shall not exceed the programme limit of the CP Programme. The Underwriter reserves the right to sell down all or part of its underwriting commitment.

During the previous financial years, Sunway REIT had obtained an additional revolving loan facility of RM0.25 billion (“Additional RL Facility”) from the same institution in view of the full utilisation of the limit under RL Facility. With the Additional RL Facility, the total limit shall be RM1.75 billion. This facility is not underwritten and its aggregate limit shall be the same as per above, which is limited to the CP Programme up to the nominal value of RM3.0 billion. The revolving loan is classified as non-current based on the tenor/repayment terms of 7 years due in March 2026.

(c) Revolving loan - USD

Sunway REIT had, in February 2018, obtained a revolving financing facility of USD100 million (“USD RL Facility”) from a financial institution. The USD RL Facility was subsequently supplemented with the option for drawdown in multicurrency and the limit was revised to USD95.5 million.

In the previous financial year, the USD RL Facility has been drawn in AUD135 million and was hedged with a cross currency swap (“CCS”) contract for a period of 9 months at the rate equivalent to RM373.68 million until February 2021 to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the loan tenure. Upon maturity of the loan and CCS contract during the financial period, the USD RL Facility was drawn in USD95 million and hedged with CCS contracts which equates to RM384.9 million for a period of 12 months until February 2022.

The USD RL Facility is available for utilisation up to a period of 12 months and can be renewed for up to another 12 months, subject to annual review of the financial institution and is to be repaid by way of bullet repayment at maturity.

(d) Unrated medium term notes

SUNREIT Unrated Bond Berhad (“SUNREIT Unrated Bond”), a wholly-owned subsidiary of Sunway REIT, had, on 9 October 2012, issued its first unrated medium term notes under a 15-year medium term note programme of up to RM1.0 billion in nominal value. On 30 June 2017, SUNREIT Unrated Bond extended and upsized the existing 15-year RM1.0 billion medium term note programme to a 35-year RM10.0 billion medium term note programme (“MTN Programme”).

During the financial period, SUNREIT Unrated Bond had issued its first Sustainability-Linked Bond (“SLB”) under the MTN Programme and the SLB framework was assigned a Silver Impact by Malaysian Rating Corporation Berhad.

(e) The secured borrowings of the Group and of the Fund are secured by legal charges on investment properties of the Group and of the Fund amounting to RM8,486,000,000 (30.6.2020: RM7,853,000,000) as disclosed in Note 14 to the financial statements.

(f) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting period were as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial papers</td>
<td>-</td>
<td>2.86</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revolving loans</td>
<td>2.41</td>
<td>2.93</td>
<td>2.41</td>
<td>2.93</td>
</tr>
<tr>
<td>Unrated medium terms notes</td>
<td>2.60</td>
<td>3.46</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
24. BORROWINGS (CONT’D.)

(g) At the reporting date, the interest rate profile of the gross borrowings was:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed rate</td>
<td>1,307,838</td>
<td>1,977,969</td>
</tr>
<tr>
<td>Variable rate</td>
<td>2,097,837</td>
<td>1,797,837</td>
</tr>
</tbody>
</table>

Sensitivity analysis for fixed rate borrowings at the end of the reporting date is not presented as changes in interest rates would not affect profit or loss.

In the current financial period, if an increase/(decrease) of 25 basis points in interest rates for the unhedged variable rate instruments, assuming all other variables remained constant, at the reporting date would result in the profit for the financial period of the Group and of the Fund to be higher/lower by RM5,245,000 and RM4,495,000 respectively.

In the previous financial year, if an increase/(decrease) of 25 basis points in interest rates for the unhedged variable rate instruments, assuming all other variables remained constant, at the reporting date would result in the profit for the financial year of the Group and of the Fund to be higher/lower by RM5,900,728.

(h) Maturity of the gross borrowings is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than 1 year</td>
<td>1,595,675</td>
<td>1,977,969</td>
</tr>
<tr>
<td>Later than 1 year and not later than 2 years</td>
<td>200,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Later than 2 years and not later than 3 years</td>
<td>10,000</td>
<td>1,600</td>
</tr>
<tr>
<td>Later than 3 years and not later than 4 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Later than 4 years and not later than 5 years</td>
<td>1,600,000</td>
<td>1,600,000</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>3,405,675</td>
<td>1,995,675</td>
</tr>
</tbody>
</table>

25. AMOUNTS DUE TO SUBSIDIARIES

(a) The amounts due to subsidiaries (non-current) are as per below:

(i) Unsecured, bears interest rate of 5.85% (30.6.2020: 5.85%) per annum and has no fixed term of repayment.
(ii) Unsecured, bears an average interest rate of 2.68% (30.6.2020: 3.37%) and is repayable within 3 years.

(b) The amounts due to subsidiaries (current) are unsecured, non-interest bearing and are repayable on demand, except for an amount of RM1,200,000,000 (30.6.2020: RM1,200,000,000) which is unsecured, bears an average interest rate of 2.82% (30.6.2020: 3.46%) per annum and is repayable within 1 year.
26. LONG TERM LIABILITIES

(a) Long term liabilities are in respect of refundable deposits received from tenants for tenancy contracts with tenure of two to thirty years. The long term liabilities are unsecured and non-interest bearing.

(b) The carrying amounts of the long term liabilities of the Group and of the Fund as at reporting date were as follows:

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>Carrying amount RM'000</th>
<th>Fair value at Level 3 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>57,072</td>
<td>39,253</td>
</tr>
<tr>
<td>At 30 June 2020</td>
<td>78,624</td>
<td>68,599</td>
</tr>
</tbody>
</table>

There is no transfer between levels in the hierarchy during the financial period.

(c) The maturity profile of the Group’s and Fund’s long term liabilities at the reporting date based on contractual undiscounted repayment obligations is summarised in the table below:

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>One to five years RM'000</th>
<th>Over five years RM'000</th>
<th>Total RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 31 December 2021</td>
<td>50,176</td>
<td>6,896</td>
<td>57,072</td>
</tr>
<tr>
<td>As at 30 June 2020</td>
<td>71,553</td>
<td>6,971</td>
<td>78,524</td>
</tr>
</tbody>
</table>

27. DEFERRED TAX LIABILITY (CONT’D.)

Where investment properties are carried at fair value as disclosed in Note 14 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

28. TRADE PAYABLES

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>31.12.2021 RM’000</th>
<th>30.6.2020 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total trade payables</td>
<td>5,150</td>
<td>1,698</td>
</tr>
</tbody>
</table>

(a) Included in trade payables is the following amounts due to parties related to the Manager:

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>31.12.2021 RM’000</th>
<th>30.6.2020 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunway Berhad Group</td>
<td>142</td>
<td>688</td>
</tr>
</tbody>
</table>

The amounts due to parties related to the Manager are unsecured, non-interest bearing and are repayable on demand. The relationship with the parties related to the Manager is as disclosed in Note 33 to the financial statements.

(b) The normal trade credit terms granted to the Group and the Fund range from 1 day to 90 days (30.6.2020: 1 day to 90 days).

(c) The maturity profile of the Group’s and of the Fund’s trade payables at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

(d) Trade payables are classified as financial liabilities measured at amortised cost.

29. OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry payables</td>
<td>8,715</td>
<td>9,405</td>
<td>8,715</td>
<td>9,405</td>
<td></td>
</tr>
<tr>
<td>Accruals</td>
<td>113,471</td>
<td>87,213</td>
<td>103,090</td>
<td>75,289</td>
<td></td>
</tr>
<tr>
<td>Deferred income</td>
<td>253</td>
<td>739</td>
<td>253</td>
<td>739</td>
<td></td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>81,264</td>
<td>53,633</td>
<td>81,254</td>
<td>53,533</td>
<td></td>
</tr>
<tr>
<td></td>
<td>203,693</td>
<td>150,890</td>
<td>193,312</td>
<td>138,966</td>
<td></td>
</tr>
</tbody>
</table>
31. OPERATING LEASE AGREEMENTS

The Group and the Fund as lessor

The Group and the Fund lease out their investment properties. Non-cancellable operating lease rentals receivable are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than 1 year</td>
<td>308,740</td>
<td>368,463</td>
</tr>
<tr>
<td>Later than 1 year and not later than 5 years</td>
<td>410,453</td>
<td>564,865</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>1,215,307</td>
<td>1,289,114</td>
</tr>
<tr>
<td>Total</td>
<td>1,934,500</td>
<td>2,222,442</td>
</tr>
</tbody>
</table>

32. CAPITAL COMMITMENTS

Capital expenditure

Subsequent expenditure of investment properties:
- Approved and contracted for: 310,074, 329,682
- Approved but not contracted for: 202,107, 304,114
- Total: 512,181, 633,796

The calculation of MER is based on the total fees and expenses incurred by the Group in the financial period/year, including Manager’s fees, Trustee’s fees, auditors’ remuneration, tax agent’s fee, valuation fees and other trust expenses to the net asset value (after proposed final income distribution) at end of financial period/year.

Since the basis of calculating MER can vary among real estate investment trusts, comparison of the Group’s MER with other real estate investment trusts which use a different basis of calculation may not be an accurate comparison.
33. SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER

During the financial period/year, other than those disclosed elsewhere in the financial statements, the Group and the Fund transacted with certain parties related to the Manager as follows:

<table>
<thead>
<tr>
<th>Name of companies related to the Manager</th>
<th>Nature of transactions</th>
<th>Group/Fund</th>
<th>1.7.2020</th>
<th>1.7.2019</th>
<th>31.12.2021</th>
<th>30.6.2020</th>
<th>RM’000</th>
<th>RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Sunway Berhad Group *</td>
<td>Rental income and utilities charges</td>
<td></td>
<td>133,050</td>
<td>141,657</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interest income from investment in money</td>
<td></td>
<td>2,024</td>
<td>2,556</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>market instrument</td>
<td></td>
<td>133,050</td>
<td>141,657</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Property management and related services</td>
<td>(58,412)</td>
<td>(36,989)</td>
<td>(58,412)</td>
<td>(36,989)</td>
<td>(58,412)</td>
<td>(36,989)</td>
<td>(58,412)</td>
</tr>
<tr>
<td></td>
<td>Acquisition of investment properties</td>
<td>(405,000)</td>
<td>(45,000)</td>
<td>(405,000)</td>
<td>(45,000)</td>
<td>(405,000)</td>
<td>(45,000)</td>
<td>(405,000)</td>
</tr>
<tr>
<td></td>
<td>Subscription to perpetual note holders</td>
<td>(31,972)</td>
<td>(19,077)</td>
<td>(31,972)</td>
<td>(19,077)</td>
<td>(31,972)</td>
<td>(19,077)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Structured entities controlled by Sunway Berhad Group ^</td>
<td></td>
<td>(29,917)</td>
<td>(19,944)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Distribution to perpetual note holders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Sunway Technology Sdn. Bhd. Group (<em>STSB Group</em>) #</td>
<td>Rental income and utilities charges</td>
<td>3,451</td>
<td>533</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>(1,067)</td>
<td>(665)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above transactions have been entered into in the normal course of business and have been established based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

The above parties are deemed related to the Manager as follows:

* Sunway Berhad Group are deemed parties related to the Manager by virtue of Sarena Cheah Yean Tih’s interests in Sunway Berhad Group and the Group. Tan Sri Dato’ Seri Dr. Jeffrey Cheah Fook Ling and Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the parents of Sarena Cheah Yean Tih, have interests in Sunway Berhad Group and the Group. Sarena Cheah Yean Tih, is a Director of Sunway Berhad, the Manager and the Group as well as Director and alternate Director in several subsidiaries of Sunway Berhad. Evan Cheah Yean Shin, the child of Tan Sri Dato’ Seri Dr. Jeffrey Cheah Fook Ling, is a Director in several subsidiaries of Sunway Berhad Group. Tan Sri Dato’ Seri Dr. Jeffrey Cheah Yean sun, the child of Tan Sri Dato’ Seri Dr. Jeffrey Cheah Fook Ling, is a Director in several subsidiaries of Sunway Berhad Group. Evan Cheah Yean Shin and Adrian Cheah Yean Sun have interests in Sunway Berhad and the Group.

^ Relates to wholesale funds controlled by Sunway Berhad Group.

# STSB Group are deemed parties related to the Manager by virtue of Sarena Cheah Yean Tih’s interests in STSB Group and the Group. Tan Sri Dato’ Seri Dr. Jeffrey Cheah Fook Ling and Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the parents of Sarena Cheah Yean Tih, also has deemed interests in STSB Group and the Group. Evan Cheah Yean Shin and Adrian Cheah Yean Sun, being the children of Tan Sri Dato’ Seri Dr. Jeffrey Cheah Fook Ling, have deemed interests in STSB Group and the Group. Evan Cheah Yean Shin is a Director of STSB Group.

34. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

COVID-19 Pandemic and Malaysia Movement Control Order

On 11 March 2020, World Health Organisation declared COVID-19 outbreak as a pandemic. The Movement Control Order, commonly referred to as the “MCO”, is implemented as a preventive measure by the Government of Malaysia in response to the COVID-19 pandemic in the country since 18 March 2020. Sunway REIT continued to be affected by the different phases of MCO, albeit in varying degrees.

i) Impact on financials
   Rental income from malls and hotels has been adversely impacted since the implementation of the MCO, while the impact on Sunway REIT’s rental income from office, services and industrial properties has not been material.

ii) Impact on liquidity
   The Manager has taken pre-emptive measures to increase the liquidity position of Sunway REIT, both for ongoing business needs as well as for the purposes of averting any liquidity crunch in the credit market that could potentially arise. As at 31 December 2021, Sunway REIT has cash and bank balances and short term investment amounting to RM341 million, largely to fund the on-going expansion of Sunway Carnival Shopping Mall and the phased refurbishment of Sunway Resort Hotel.

On 12 August 2020, the Securities Commission announced that it will temporarily increase the gearing limit for Malaysian real estate investment trusts from 50.0% to 60.0%, effective immediately until 31 December 2022. This temporary increase in gearing limit provides Sunway REIT with cash flow flexibility in light of the challenging operating environment during the COVID-19 pandemic, if required. The gearing of Sunway REIT stood at 37.2% as at 31 December 2021.

iii) Impact on occupancies
   Average occupancy rate of the retail segment remained relatively stable at 97% for YTD 6Q2021, while office segment has registered higher average occupancy rate of 84% for YTD 6Q2021 with the inclusion of The Pinnacle Sunway.

Excluding Sunway Resort Hotel which was closed for phased refurbishment commencing from July 2020, the hotel segment registered average occupancy rate of 32% for YTD 6Q2021.

With international travel restriction remains prevalent and restricted group meeting capacity, hotel pick-up pace remains challenging in the coming months.

Services and Industrial & Others segments under long master leases remained stable in terms of occupancy rate.
34. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD (CONT'D.)

COVID-19 Pandemic and Malaysia Movement Control Order (cont’d.)

iv) Strategies and steps taken

The Manager has provided rental rebates and/or rental deferment on a case-to-case basis to eligible lessees/tenants ("Rental Support"), in efforts to mitigate the adverse impact of the current COVID-19 pandemic on the lessees/tenants’ business operations. The Manager believes that by providing the Rental Support, this will further strengthen its relationship with the lessees/tenants and enable it to maintain a higher retention rate for the properties of Sunway REIT, defending occupancy rate in the near term and paving the way for recovery in the medium term. The Manager has also provided other tenant support measures such as flexible operating hours, promotional space and marketing support such as online order and collection drive-through stations.

The Manager has also put in place strict standard operating procedures such as installing thermal scanners, sanitising stations, frequent fogging disinfection at public areas, screening MySejahtera for risk status and vaccination proof and maintaining social distancing protocols for all the properties of Sunway REIT, particularly in Sunway REIT’s retail properties as they are necessary to build retail confidence. The Manager is proactively striving towards full vaccination of its entire front-facing operation workforce.

From the liquidity management aspect, the Manager has implemented certain cost containment initiatives such as reducing, cancelling and/or deferring non-essential operational and capital spending during the MCO, CMCO and RMCO period to preserve its cash flow and liquidity in view of the Rental Support granted to eligible lessees/tenants and slower collection pace. The Manager has also incorporated pre-emptive measures to conserve cash such as varying income distribution frequency from quarterly to semi-annual basis, adjustment in income distribution payout ratio and establishment of a distribution reinvestment scheme to provide flexibility to unitholders to receive future income distribution in cash, units or a combination of both.

In addition, Sunway REIT’s capital base was strengthened following the completion of the private placement exercise in 2Q2021, raising gross proceeds of approximately RM710.0 million to fund the acquisition of The Pinnacle Sunway and the expansion of Sunway Carnival Shopping Mall.

35. MATERIAL LITIGATION

Metroplex Holdings Sdn. Bhd. ("Metroplex") v RHB Trustees Berhad (as trustees for Sunway REIT) and Sunway REIT Management Sdn. Bhd. (collectively, the "Defendants")

On 28 September 2015, Metroplex filed writ of summons and a statement of claim against the Defendants to claim, amongst others, damages 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 Metroplex but not removed by Metroplex when the Defendants took possession of the hotel at Sunway Putra on 27 September 2011. Metroplex has also included in its statement of claim alleged that the various chattels and movable items were worth in excess of RM80 million as at September 2011. The Defendants are strenuously objecting to the amount claimed as being overly excessive.

On 3 November 2017, the High Court allowed Metroplex's claim on liability in which the damages to be awarded to Metroplex shall be subject to allocator ("High Court's Decision").

The Defendants filed an appeal to the Court of Appeal against the High Court's Decision on 6 November 2017. The Court of Appeal allowed the Defendants’ Appeal and the High Court’s Decision was set aside on 22 January 2019 ("Court of Appeal’s Decision").

On 30 November 2018, the High Court overturned the Court of Appeal’s Decision on 2 December 2019 ("Appeal"), the hearing for the Appeal was fixed on 28 September 2019. Metroplex filed notice of appeal against the Court of Appeal’s Decision on 2 December 2019 ("Appeal"). The hearing for the Appeal was fixed on 31 March 2020.

On 30 January 2020, Metroplex filed motion for leave to appeal to the Federal Court against the Court of Appeal's Decision ("Motion"). The Motion was allowed on 26 November 2019. Subsequently, Metroplex filed notice of appeal against the Court of Appeal's Decision on 2 December 2019 ("Appeal"). The hearing for the Appeal was fixed on 31 March 2020.

On 31 March 2021, the Federal Court overturned the Court of Appeal's Decision in favour of the Defendants and reinstated the High Court's Decision in favour of Metroplex. The parties will now proceed to the assessment of damages proceedings in the High Court. In Metroplex's claim, Metroplex is claiming for various chattels and movable items amounting to approximately RM402 million. The Defendants are strenuously objecting to the amount claimed as being overly excessive and will be appointing subject matter experts to dispute the quantum of claim. The true financial impact can only be assessed upon the determination of the assessment proceedings subject to strict proof by Metroplex of their said claim.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

36. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs

(a) New MFRSs adopted during the financial period

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2020, the Group and the Fund adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2020.

<table>
<thead>
<tr>
<th>Title</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amendments to References to the Conceptual Framework in MFRS Standards</td>
<td>1 January 2020</td>
</tr>
<tr>
<td>Amendments to MFRS 3 Definition of a Business</td>
<td>1 January 2020</td>
</tr>
<tr>
<td>Amendments to MFRS 101 and MFRS 108 Definition of Material</td>
<td>1 January 2020</td>
</tr>
<tr>
<td>Amendment to MFRS 16 COVID-19-Related Rent Concessions</td>
<td>1 June 2020</td>
</tr>
<tr>
<td>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</td>
<td>17 August 2020</td>
</tr>
<tr>
<td>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</td>
<td>1 January 2021</td>
</tr>
</tbody>
</table>

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Fund.

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Fund are disclosed below. The Group and the Fund intend to adopt these Standards, if applicable, when they become effective.

<table>
<thead>
<tr>
<th>Title</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Improvements to MFRS Standards 2018 - 2020</td>
<td>1 January 2022</td>
</tr>
<tr>
<td>Amendments to MFRS 3 Reference to the Conceptual Framework</td>
<td>1 January 2022</td>
</tr>
<tr>
<td>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</td>
<td>1 January 2022</td>
</tr>
<tr>
<td>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</td>
<td>1 January 2022</td>
</tr>
<tr>
<td>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</td>
<td>1 January 2023</td>
</tr>
<tr>
<td>MFRS 17 Insurance Contracts</td>
<td>1 January 2023</td>
</tr>
<tr>
<td>Amendments to MFRS 17 Insurance Contracts</td>
<td>1 January 2023</td>
</tr>
<tr>
<td>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</td>
<td>1 January 2023</td>
</tr>
<tr>
<td>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</td>
<td>1 January 2023</td>
</tr>
<tr>
<td>Amendments to MFRS 112 Deferred tax related to Assets and Liabilities arising from a Single Transaction</td>
<td>1 January 2023</td>
</tr>
<tr>
<td>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</td>
<td>Deferred</td>
</tr>
</tbody>
</table>

The Group and the Fund are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

37. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform to the current period's presentation.

Reconciliation of statements of financial position and cash flows are as follows:

<table>
<thead>
<tr>
<th>Group/Fund</th>
<th>As previously reported RM '000</th>
<th>Reclassifications RM '000</th>
<th>Restated RM '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statements of Financial Position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 June 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities - borrowings</td>
<td>200,000</td>
<td>1,600,000</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Current liabilities - borrowings</td>
<td>3,245,418</td>
<td>(1,600,000)</td>
<td>1,645,418</td>
</tr>
<tr>
<td>Statements of Cash Flows</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 June 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drawdown of revolving loan</td>
<td>18,410,000</td>
<td>(18,310,000)</td>
<td>100,000</td>
</tr>
<tr>
<td>Repayment of revolving loan</td>
<td>(18,310,000)</td>
<td></td>
<td>18,310,000</td>
</tr>
</tbody>
</table>
## ANALYSIS OF UNITHOLDINGS

### As at 19 January 2022

**Total number of units issued**: 3,424,807,700 units

**Voting rights**: One vote per unit

**Number of unitholders**: 29,045

### DISTRIBUTION OF UNITHOLDINGS

<table>
<thead>
<tr>
<th>Unitholdings</th>
<th>No. of Unitholders</th>
<th>No. of Units Held</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 100</td>
<td>59</td>
<td>1,017</td>
<td>0.00</td>
</tr>
<tr>
<td>100 – 1,000</td>
<td>7923</td>
<td>5,092,302</td>
<td>0.15</td>
</tr>
<tr>
<td>1,001 – 10,000</td>
<td>15,854</td>
<td>70,892,859</td>
<td>2.07</td>
</tr>
<tr>
<td>10,001 – 100,000</td>
<td>4,605</td>
<td>130,533,459</td>
<td>3.81</td>
</tr>
<tr>
<td>100,001 to less than 5% of the total number of units issued</td>
<td>598</td>
<td>1,609,811,598</td>
<td>4.70</td>
</tr>
<tr>
<td>5% and above of the total number of units issued</td>
<td>6</td>
<td>1,608,476,485</td>
<td>46.97</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,045</strong></td>
<td><strong>3,424,807,700</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

### THIRTY LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Unitholders</th>
<th>No. of Units Held</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board</td>
<td>445,741,800</td>
<td>13.02</td>
</tr>
<tr>
<td>2.</td>
<td>HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sunway REIT Holdings Sdn Bhd (PUAC)</td>
<td>362,000,000</td>
<td>10.57</td>
</tr>
<tr>
<td>3.</td>
<td>RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account-Sumitomo Mitsui Banking Corporation Malaysia Berhad for Sunway REIT Holdings Sdn Bhd</td>
<td>233,000,000</td>
<td>6.80</td>
</tr>
<tr>
<td>4.</td>
<td>RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T10</td>
<td>208,590,000</td>
<td>6.09</td>
</tr>
<tr>
<td>5.</td>
<td>Sunway REIT Holdings Sdn Bhd</td>
<td>183,104,765</td>
<td>5.35</td>
</tr>
<tr>
<td>6.</td>
<td>Kumpulan Wang Persaraan (Diperbadankan)</td>
<td>176,039,900</td>
<td>5.14</td>
</tr>
<tr>
<td>7.</td>
<td>Amanahraya Trustees Berhad - Amanah Saham Bumiputera</td>
<td>140,000,000</td>
<td>4.09</td>
</tr>
<tr>
<td>8.</td>
<td>Sunway Education Group Sdn Bhd</td>
<td>123,412,100</td>
<td>3.60</td>
</tr>
<tr>
<td>9.</td>
<td>RHB Nominees (Tempatan) Sdn Bhd - Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd</td>
<td>108,100,000</td>
<td>3.16</td>
</tr>
<tr>
<td>10.</td>
<td>RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T16</td>
<td>98,000,000</td>
<td>2.86</td>
</tr>
</tbody>
</table>
ANALYSIS OF UNITHOLDINGS
As at 19 January 2022

SUBSTANTIAL UNITHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL UNITHOLDERS AS AT 19 JANUARY 2022

<table>
<thead>
<tr>
<th>Name of Unitholder</th>
<th>Direct No. of Units Hold</th>
<th>%</th>
<th>Indirect No. of Units Hold</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunway REIT Holdings Sdn Bhd</td>
<td>1,400,294,765</td>
<td>40.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees Provident Fund Board</td>
<td>533,210,100</td>
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<tr>
<td>Kumpulan Wang Persaraan (Diperbadankan)</td>
<td>176,380,000</td>
<td>5.15</td>
<td>30,025,400</td>
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<tr>
<td>Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling a.o.b.</td>
<td>-</td>
<td>-</td>
<td>1,400,294,765</td>
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</tr>
<tr>
<td>Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng</td>
<td>-</td>
<td>-</td>
<td>1,400,294,765</td>
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</tr>
<tr>
<td>Sarena Cheah Yean TiP, a.o.b.</td>
<td>-</td>
<td>-</td>
<td>1,400,294,765</td>
<td>40.89</td>
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<tr>
<td>Evan Cheah Yean Shin</td>
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<tr>
<td>Adrian Cheah Yean Sun</td>
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<tr>
<td>Active Equity Sdn Bhd</td>
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<tr>
<td>Sungei Way Corporation Sdn Bhd</td>
<td>-</td>
<td>-</td>
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<td>40.89</td>
</tr>
<tr>
<td>Sunway Berhad</td>
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<td>-</td>
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<td>40.89</td>
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<tr>
<td>Sunway City Sdn Bhd</td>
<td>-</td>
<td>-</td>
<td>1,400,294,765</td>
<td>40.89</td>
</tr>
</tbody>
</table>

Notes:
1. Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway City Sdn Bhd, Sunway REIT Holdings Sdn Bhd and spouse.
2. Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway City Sdn Bhd, Sunway REIT Holdings Sdn Bhd and spouse.
3. Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway City Sdn Bhd, Sunway REIT Holdings Sdn Bhd and spouse.
4. Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway City Sdn Bhd and Sunway REIT Holdings Sdn Bhd.
5. Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway City Sdn Bhd and Sunway REIT Holdings Sdn Bhd.
6. Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway City Sdn Bhd and Sunway REIT Holdings Sdn Bhd.
7. Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway City Sdn Bhd and Sunway REIT Holdings Sdn Bhd.

UNITHOLDING OF DIRECTORS

<table>
<thead>
<tr>
<th>Name of Unitholder</th>
<th>Direct No. of Units Hold</th>
<th>%</th>
<th>Indirect No. of Units Hold</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elvin A/L Berty Luke Fernandez</td>
<td>90,000</td>
<td>#</td>
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<tr>
<td>Sarena Cheah Yean TiP, a.o.b.</td>
<td>-</td>
<td>-</td>
<td>1,400,294,765</td>
<td>40.89</td>
</tr>
</tbody>
</table>

Notes:
1. Negligible
2. Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway City Sdn Bhd, Sunway REIT Holdings Sdn Bhd and spouse.

UNITHOLDING OF SENIOR MANAGEMENT

Direct Interest:
Irene Sin May Lin

As at 1.7.2020

<table>
<thead>
<tr>
<th>Name of Unitholder</th>
<th>Number of Units Acquired</th>
<th>Number of Units Sold</th>
<th>As at 19.1.2022 Units Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irene Sin May Lin</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
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</tbody>
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NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting (“9th AGM”) of Sunway REIT Real Estate Investment Trust (“Sunway REIT”) will be held as a fully virtual meeting through livestreaming and online remote voting from the broadcast venue at the Penthouse, Level 20, Menara Sunway, Jalan LagoonTimur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 7 April 2022 at 3:30 p.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the Integrated Annual Report 2021 comprising the Audited Financial Statements for the financial period ended 31 December 2021 of Sunway REIT together with the Reports of Manager, Trustee and Auditors thereon.

AS SPECIAL BUSINESS:

1. Proposed Authority to Issue and Allot New Units of up to 20% of the Total Number of Issued Units of Sunway REIT (Ordinary Resolution 1)

   THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deed dated 20 May 2010, the Supplemental Deed dated 10 June 2010 and the Amended and Restated Deed dated 18 September 2018 entered into between Sunway REIT Management Sdn Bhd (the “Manager”) and RHB Trustees Berhad (the “Trustee”) constituting Sunway REIT, and the approvals of the relevant regulatory authorities being obtained, authority be and is hereby given to the Directors of the Manager, to issue and allot units in Sunway REIT (“New Units”), at any time at such price to any such persons and upon such terms and conditions as the Directors of the Manager may in their absolute discretion, deem fit and expedient in the best interest of Sunway REIT, provided that the aggregate number of New Units to be issued, when aggregated with the total number of units issued during the preceding 12 months, does not exceed 20% of the total number of issued units of Sunway REIT for the time being comprising 3,424,807,700 units (“Proposed Authority”):

   THAT such authority shall continue to be in force until:

   (i) the conclusion of the next Annual General Meeting (“AGM”) of Sunway REIT at which time this Proposed Authority will lapse, unless by a resolution passed at the next AGM, the authority is renewed;

   (ii) the expiration of the period within which the next AGM of Sunway REIT is required by law to be held; or

   (iii) the Proposed Authority is revoked or varied by a resolution passed by the unitholders in a general meeting of Sunway REIT, whichever is the earlier;

   THAT such New Units to be issued pursuant to the Proposed Authority shall, upon issue and allotment, rank pari passu in all respects with the existing units of Sunway REIT, except that the New Units will not be entitled to any income distributions, rights, benefits, entitlements and/or any other distributions that may be declared prior to the date of issue and allotment of such New Units;

   THAT authority be and is hereby given to the Directors of the Manager and the Trustee, acting for and on behalf of Sunway REIT, to give effect to the Proposed Authority including but not limited to the creation of the requisite New Units and with full powers to assent to any conditions, modifications, variations, arrangements and/or amendments as they may deem fit in the best interest of Sunway REIT and/or as may be imposed by the relevant authorities;

   AND THAT the Directors of the Manager and the Trustee, acting for and on behalf of Sunway REIT, be and are hereby authorised to implement, finalise, complete and do all acts, deeds and things (including executing such documents as may be required) in relation to the Proposed Authority.”
3. Proposed Renewal of Unitholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolution 2)

“THAT approval be and is hereby given for Sunway REIT to enter into recurrent related party transactions of a revenue or trading nature with the related parties (‘Recurrent Related Party Transactions’) as set out in Section 2.3 of the Circular to Unitholders dated 28 February 2022, subject to the following (‘Proposed Mandate’):

(a) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for day-to-day operations and are on Sunway REIT’s normal commercial terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on an arm’s length basis which are not detrimental to the minority unitholders of Sunway REIT; and

(b) the unitholders’ mandate is subject to annual renewal and this unitholders’ mandate shall only continue to be in force until:

(i) the conclusion of the next AGM of Sunway REIT at which time this Proposed Mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;

(ii) the expiration of the period within which the next AGM of Sunway REIT is required by law to be held; or

(iii) the Proposed Mandate is revoked or varied by a resolution passed by the unitholders in a general meeting of Sunway REIT, whichever is the earlier;

AND THAT the Directors of the Manager and the Trustees be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of Sunway REIT with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Recurrent Related Party Transactions contemplated and/or authorised by this ordinary resolution.”

4. Proposed Renewal of the Authority to Allot and Issue New Units in relation to the Distribution Reinvestment Scheme that Provides the Unitholders of Sunway REIT with the Option to Reinvest their Income Distribution in New Units in Sunway REIT (Ordinary Resolution 3)

“THAT pursuant to the Distribution Reinvestment Scheme (‘DRS’) approved at the AGM held on 2 October 2020, and subject to the approvals of all relevant authorities being obtained, authority be and is hereby given to the Directors of the Manager (‘Board’) to allot and issue new units in Sunway REIT (‘DRS New Units’), provided that the issue price of the DRS New Units, which will be determined by the Board on the price-fixing date to be determined and announced (‘Proposed Renewal of DRS Authority’):

AND THAT the Board be and is hereby authorised to do all such acts and enter into such transactions, arrangements and agreements and to execute, sign and deliver, for and on behalf of Sunway REIT, all such documents and impose such terms and conditions or delegate any part of its powers as may be necessary or expedient in order to give full effect to the Issuance of DRS New Units, with full powers to consent to any conditions, modifications, variations and/or amendments including pursuant to any amendment, modification, suspension and termination of the DRS or the Issuance of DRS New Units as the Board may, in its absolute discretion, deem fit and in the best interest of Sunway REIT and/or as may be imposed or agreed to by any relevant authorities.”

By Order of the Board of

SUNWAY REIT MANAGEMENT SDN BHD

(Manager for Sunway REIT)

TAN KIM AUN (MAICSA 7002988) (SSM PC NO. 202008001249)
LEE CHUN SHIAN (MAICSA 7064123) (SSM PC NO. 202108000401)

Company Secretaries

Bandar Sunway
28 February 2022

Notes:

(1) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No unitholders/proxies from the public will be physically present at the broadcast venue. Unitholders who wish to participate in the 9th AGM will therefore have to register via the link https://vps.megacorp.com.my/BeojOQ. Kindly refer to the Administrative Details for the 9th AGM for further information.

(2) For the purpose of determining a unitholder who shall be entitled to participate and vote remotely at the 9th AGM, Sunway REIT shall be requesting the Record of Depositors as at 31 March 2022. Only a depositor whose name appears in the Record of Depositors shall be entitled to participate to the said meeting or appoint proxies to participate and vote remotely on his/her behalf. A proxy may but need not be a unitholder.

(3) A unitholder may appoint up to 2 proxies to participate and vote remotely at the same meeting.

(4) Where a unitholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SIDCA”), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds with Sunway REIT standing to the credit of the said securities account.

(5) Where a unitholder is an exempt authorised nominee as defined under the SIDCA, who holds units in Sunway REIT for multiple beneficial owners in one securities account (“Omni Account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omni Account it holds with units standing to the credit of the said Omni Account.

(6) Where a unitholder or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointment shall be invalid unless he/she or it specifies the proportion of his/her or its holdings to be represented by each proxy.

(7) If a unitholder has appointed a proxy or proxies (not more than 2 proxies) to participate in the 9th AGM and subsequently he/she participates in the 9th AGM, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to participate in the 9th AGM.
NINTH ANNUAL GENERAL MEETING

NOTICE OF

INTEGRATED ANNUAL REPORT 2021

1. Ordinary Resolution 1 - Proposed Authority

The proposed ordinary resolution, if passed, will give a mandate to the Directors of the Manager to issue and allot units in Sunway REIT from time to time provided that the aggregate number of the New Units to be issued, when aggregated with the total number of units issued during the preceding 12 months, does not exceed 20% of the total number of issued units of Sunway REIT for the time being. The Proposed Authority, unless revoked or varied by a resolution passed by the unitholders in a general meeting of Sunway REIT, will expire at the conclusion of the next AGM of Sunway REIT.

As at the date of this notice, Sunway REIT has not issued any units under the mandate which was approved at the 8th AGM held on 2 October 2020 and which will lapse on the conclusion of the 9th AGM.

With this Proposed Authority, Sunway REIT will have the flexibility to issue and allot New Units to raise funds to finance future investments, acquisitions and capital expenditure projects to enhance the value of Sunway REIT and/or to refinance existing debt as well as for working capital purposes without convening a general meeting, which may delay the capital raising initiatives and incur relevant costs in organising the required general meeting.

2. Ordinary Resolution 2 - Proposed Mandate

The details on the proposed renewal of unitholders’ mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Unitholders dated 28 February 2022.

3. Ordinary Resolution 3 - Proposed Renewal of DRS Authority

This proposed Ordinary Resolution 3 will give authority to the Board to allot and issue DRS New Units in Sunway REIT in respect of income distribution to be declared, if any, under the DRS, until the conclusion of Sunway REIT’s next AGM.

4. ABSTENTION FROM VOTING

The interested Director of the Manager who is a Unitholder will abstain from voting on Ordinary Resolution 2 concerning the Proposed Mandate. In addition, the interested Director will ensure that person connected with her will abstain from voting on Ordinary Resolution 2 concerning the Proposed Mandate.

5. PERSONAL DATA PRIVACY

(i) consenting to the collection, use and disclosure of the member’s personal data by Sunway REIT (or its agents) for the purpose of the processing and administration by Sunway REIT (or its agents) of proxies and representatives appointed for the 9th AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 9th AGM (including any adjournment thereof), and in order for Sunway REIT (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”);

(ii) warranting that where the unitholder discloses the personal data of the unitholder’s proxy(ies) and/or representative(s) to Sunway REIT (or its agents), the unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by Sunway REIT (or its agents) for the Purposes;

(iii) agreeing that the unitholder will indemnify Sunway REIT in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the unitholder’s breach of the Warranty.

For the purposes of this paragraph, “personal data” shall have the same meaning given in section 4 of the Personal Data Protection Act 2010.
### PLANET

#### Emissions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Company vehicles</td>
<td>tonnes CO₂ e</td>
<td>0.9</td>
<td>0.6</td>
<td>0.2</td>
<td>0.0</td>
<td>80</td>
<td>82</td>
<td>52</td>
</tr>
<tr>
<td>Company vehicles</td>
<td>tonnes CO₂</td>
<td>0.9</td>
<td>0.6</td>
<td>0.2</td>
<td>0.0</td>
<td>80</td>
<td>82</td>
<td>52</td>
</tr>
<tr>
<td>Company vehicles</td>
<td>tonnes CH₄</td>
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<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
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<tr>
<td>Company vehicles</td>
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<td>0.3</td>
<td>0.2</td>
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<td>0.6</td>
<td>0.2</td>
<td>0.0</td>
<td>80</td>
<td>82</td>
<td>52</td>
</tr>
<tr>
<td>Sub-total Scope 1</td>
<td>tonnes CO₂</td>
<td>0.9</td>
<td>0.6</td>
<td>0.2</td>
<td>0.0</td>
<td>80</td>
<td>82</td>
<td>52</td>
</tr>
<tr>
<td>Sub-total Scope 1</td>
<td>tonnes CH₄</td>
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<tr>
<td>Downstream leased assets</td>
<td>tonnes CO₂ e</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,650</td>
<td>12,822</td>
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<tr>
<td>Downstream leased assets</td>
<td>tonnes CO₂</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Business travel</td>
<td>tonnes CO₂ e</td>
<td>92</td>
<td>128</td>
<td>158</td>
<td>198</td>
<td>338</td>
<td>58</td>
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<tr>
<td>Business travel</td>
<td>tonnes CO₂</td>
<td>92</td>
<td>128</td>
<td>158</td>
<td>198</td>
<td>338</td>
<td>58</td>
<td>43</td>
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<td>Business travel</td>
<td>tonnes CH₄</td>
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<td>0.1</td>
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<td>0.7</td>
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<td>123,660</td>
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<td>19,650</td>
<td>12,822</td>
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<tr>
<td>Downstream leased assets</td>
<td>tonnes CO₂</td>
<td>144,181</td>
<td>125,104</td>
<td>123,660</td>
<td>123,508</td>
<td>19,650</td>
<td>12,822</td>
<td></td>
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<tr>
<td>Waste generated in operations</td>
<td>tonnes CO₂</td>
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<td>-</td>
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<td>868</td>
<td>3,933</td>
<td>4,848</td>
<td>5,250</td>
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<tr>
<td>Waste generated in operations</td>
<td>tonnes CH₄</td>
<td>-</td>
<td>-</td>
<td>46</td>
<td>34</td>
<td>46</td>
<td>34</td>
<td>34</td>
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<tr>
<td>Waste generated in operations</td>
<td>tonnes CH₄</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
<td>0.4</td>
<td>0.1</td>
<td>0.1</td>
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<tr>
<td>Waste generated in operations</td>
<td>tonnes N₂O</td>
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<td>0.7</td>
<td>0.5</td>
<td>0.3</td>
<td>0.7</td>
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<tr>
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<td>125,230</td>
<td>124,668</td>
<td>124,574</td>
<td>113,915</td>
<td>113,394</td>
<td>81,007</td>
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<tr>
<td>Sub-total Scope 3</td>
<td>tonnes CO₂</td>
<td>144,273</td>
<td>125,230</td>
<td>124,668</td>
<td>124,574</td>
<td>113,915</td>
<td>113,394</td>
<td>81,007</td>
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<tr>
<td>Sub-total Scope 3</td>
<td>tonnes CH₄</td>
<td>76</td>
<td>100</td>
<td>124</td>
<td>158</td>
<td>267</td>
<td>46</td>
<td>34</td>
</tr>
<tr>
<td>Sub-total Scope 3</td>
<td>tonnes CH₄</td>
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<td>0.1</td>
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<td>0.2</td>
<td>0.4</td>
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<tr>
<td>Overall GHG emission (Scope 1 and 2)</td>
<td>tonnes CO₂ e</td>
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<td>125,311</td>
<td>124,668</td>
<td>124,574</td>
<td>113,545</td>
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#### Energy

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<td>MWh</td>
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<td>10,364</td>
<td>11,396</td>
<td>11,242</td>
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#### Notes:
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3. Figures stated may not add up due to rounding of decimals
### Energy

#### iii. Overall Electricity Consumption

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<td>30,969</td>
<td>29,544</td>
<td>33,251</td>
<td>30,134</td>
<td>54,674</td>
<td>36,404</td>
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<td>472,077</td>
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<td>779,319</td>
<td>779,945</td>
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<td>1,606,078</td>
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<tr>
<td><strong>Overall Electricity Consumption (Leased Assets)</strong></td>
<td>MWh</td>
<td>31,979</td>
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<td>33,251</td>
<td>30,134</td>
<td>54,674</td>
<td>36,404</td>
</tr>
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#### Waste

##### i. Municipal Water Consumption

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<td>98,818</td>
<td>99,368</td>
<td>154,157</td>
<td>96,910</td>
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<td><strong>Total Municipal Water Consumption</strong></td>
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<tr>
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<td>m³ ('000)</td>
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<tr>
<td><strong>Rainwater Harvesting</strong></td>
<td>m³ ('000)</td>
<td>-</td>
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---

### Water

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SUSTAINABILITY KEY PERFORMANCE INDICATORS

GRI 2-4

### PEOPLE

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<td>Number</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Permanent overseas employees</td>
<td></td>
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<tr>
<td>Contract local employees</td>
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<tr>
<td>Contract overseas employees</td>
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</tr>
</tbody>
</table>

Notes:
1. Figures stated may not add up due to rounding of decimals
2. The social data for FY2019 to FY2020 has been restated to enhance completeness of data

### Employment Diversity - Gender

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 (Jul 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male executives</td>
<td>%</td>
<td>18%</td>
<td>18%</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Female executives</td>
<td>%</td>
<td>77%</td>
<td>77%</td>
<td>78%</td>
<td>73%</td>
</tr>
<tr>
<td>Male non executives</td>
<td>%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Female non executives</td>
<td>%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
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</table>

Notes:
1. Figures stated may not add up due to rounding of decimals
2. The social data for FY2019 to FY2020 has been restated to enhance completeness of data

### Employment Diversity - Age Group

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 (Jul 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives below 30 years old</td>
<td>%</td>
<td>5%</td>
<td>9%</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>Executives between 30 to 40 years old</td>
<td>%</td>
<td>50%</td>
<td>50%</td>
<td>44%</td>
<td>50%</td>
</tr>
<tr>
<td>Executives between 40 to 50 years old</td>
<td>%</td>
<td>27%</td>
<td>27%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Executives more than 50 years old</td>
<td>%</td>
<td>14%</td>
<td>9%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Non-executives below 30 years old</td>
<td>%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Non-executives between 30 to 40 years old</td>
<td>%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Non-executives between 40 to 50 years old</td>
<td>%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Non-executives more than 50 years old</td>
<td>%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Notes:
1. Figures stated may not add up due to rounding of decimals
2. The social data for FY2019 to FY2020 has been restated to enhance completeness of data
### SUSTAINABILITY KEY PERFORMANCE INDICATORS

**GRI 2-4**

#### Indicator Unit of Measurement

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Diversity - Years of Service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executives who worked less than 1 year</td>
<td>0%</td>
<td>0%</td>
<td>30%</td>
<td>36%</td>
</tr>
<tr>
<td>Executives who worked between 1 to 5 years</td>
<td>41%</td>
<td>50%</td>
<td>41%</td>
<td>36%</td>
</tr>
<tr>
<td>Executives who worked between 5 to 10 years</td>
<td>50%</td>
<td>41%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>Executives who worked between 10 to 15 years</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Executives who worked between 15 to 20 years</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Executives who worked more than 20 years</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Non-executives who worked less than 1 year</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Non-executives who worked between 1 to 5 years</td>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Non-executives who worked between 5 to 10 years</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Non-executives who worked between 10 to 15 years</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Non-executives who worked between 15 to 20 years</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Non-executives who worked more than 20 years</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
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<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### New Hires - Employee Category

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 (Jul 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Senior Management</strong></td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Manager and Senior Manager</strong></td>
<td>Number</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Senior Executive &amp; Assistant Manager</strong></td>
<td>Number</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Executive</strong></td>
<td>Number</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>2</td>
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</table>

#### New Hires - Ethnicity

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 (Jul 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of new hires for Malay</strong></td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Number of new hires for Chinese</strong></td>
<td>Number</td>
<td>4</td>
<td>0</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td><strong>Number of new hires for Indian</strong></td>
<td>Number</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Number of new hires for other races</strong></td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Notes:
1. Figures stated may not add up due to rounding decimals
2. The social data for FY2019 to FY2020 has been restated to enhance completeness of data
3. The disparity between FY2020 and CY2021 learning and development hours might be due to the pandemic so there were minimal trainings ongoing. Hence, the data for FY2020 is significantly lower
## SUSTAINABILITY KEY PERFORMANCE INDICATORS

### GRI 2-4

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 (Jul 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completion of Performance Review - Gender</td>
<td>%</td>
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<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Male employees</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Female employees</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Completion of Performance Review - Employee Category</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Managers</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Executives</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Non-executives</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Learning and Development Cost</td>
<td>RM</td>
<td>764</td>
<td>3,631</td>
<td>16,754</td>
<td>16,283</td>
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<td>Average amount spent per employee on learning and development</td>
<td>RM</td>
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<td>522</td>
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<td>1,280</td>
</tr>
<tr>
<td>Employees below 30 years old</td>
<td>%</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employees between 30 to 40 years old</td>
<td>%</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employees between 40 to 50 years old</td>
<td>%</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employees more than 50 years old</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Average amount spent per employee on learning and development - Gender</td>
<td>RM</td>
<td>66</td>
<td>58</td>
<td>1,050</td>
<td>1,280</td>
</tr>
<tr>
<td>Male employees</td>
<td>%</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Female employees</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Average amount spent per employee on learning and development - Employee Category</td>
<td>RM</td>
<td>66</td>
<td>58</td>
<td>1,050</td>
<td>1,280</td>
</tr>
<tr>
<td>Senior Management</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Manager and Senior Manager</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Senior Executive &amp; Assistant Manager</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Executive</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Average amount spent per employee on learning and development - Ethnicity</td>
<td>RM</td>
<td>66</td>
<td>58</td>
<td>1,050</td>
<td>1,280</td>
</tr>
<tr>
<td>Malay employees</td>
<td>%</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Chinese employees</td>
<td>%</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Indian employees</td>
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<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Other races employees</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td>Leaves</td>
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<td>8</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Number of parental/childcare leave applications</td>
<td>Number</td>
<td>13</td>
<td>8</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Number of maternity leave applications</td>
<td>Number</td>
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<td>2</td>
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<tr>
<td>Number of days applied for maternity leave</td>
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<td>120</td>
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<tr>
<td>Number of paternity leave applications</td>
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</tr>
<tr>
<td>Number of days applied for paternity leave</td>
<td>Number</td>
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<td>0</td>
<td>6</td>
<td>3</td>
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</table>

### Work-related Injuries - Employees

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 (Jul 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total hours worked</td>
<td>Number</td>
<td>-</td>
<td>1,728,088</td>
<td>6,372,426</td>
<td>4,644,338</td>
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<tr>
<td>Fatalities</td>
<td>Number</td>
<td>-</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rate</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>High-consequence work-related injuries</td>
<td>Number</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rate</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lost time injury</td>
<td>Number</td>
<td>-</td>
<td>6</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Rate</td>
<td>-</td>
<td>3.47</td>
<td>2.20</td>
<td>1.72</td>
<td>1.72</td>
</tr>
<tr>
<td>Recordable work-related injuries</td>
<td>Number</td>
<td>-</td>
<td>6</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Rate</td>
<td>-</td>
<td>3.47</td>
<td>2.20</td>
<td>1.72</td>
<td>1.72</td>
</tr>
<tr>
<td>Main types of work-related injury</td>
<td></td>
<td>slips, trips and missteps</td>
<td>slips, trips and missteps</td>
<td>slips, trips and missteps</td>
<td></td>
</tr>
</tbody>
</table>

* The rates are calculated based on 1,000,000 hours worked.

### Work-related Injuries - Non-employees

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 (Jul 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total hours worked</td>
<td>Number</td>
<td>-</td>
<td>954,796</td>
<td>2,777,597</td>
<td>1,822,801</td>
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<td>Fatalities</td>
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<td>-</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rate</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>High-consequence work-related injuries</td>
<td>Number</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rate</td>
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<tr>
<td>Lost time injury</td>
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<td>0</td>
</tr>
<tr>
<td>Rate</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Recordable work-related injuries</td>
<td>Number</td>
<td>-</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Rate</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Main types of work-related injury</td>
<td></td>
<td>slips, trips and missteps</td>
<td>slips, trips and missteps</td>
<td>slips, trips and missteps</td>
<td></td>
</tr>
</tbody>
</table>

This data excludes part-timers and interns since they are hired on an ad-hoc basis.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 (Jul 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total hours worked</td>
<td>Number</td>
<td>-</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Fatalities</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rate</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>High-consequence work-related injuries</td>
<td>Number</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rate</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
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<td>Lost time injury</td>
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<td>Rate</td>
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<td>Recordable work-related injuries</td>
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<td>-</td>
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<tr>
<td>Rate</td>
<td>-</td>
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<tr>
<td>Main types of work-related injury</td>
<td></td>
<td>slips, trips and missteps</td>
<td>slips, trips and missteps</td>
<td>slips, trips and missteps</td>
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</table>

* Work-related hazards that pose a risk of ill health are identified using HIRARC assessment and incident statistics, chemical health risk assessments (CHRA), chemical exposure monitoring, medical records, stakeholder feedback

### Learning and Development Cost

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021 (Jul 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditure</td>
<td>RM</td>
<td>764</td>
<td>3,631</td>
<td>16,754</td>
<td>16,283</td>
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<tr>
<td>Average amount spent per employee on learning and development</td>
<td>RM</td>
<td>51</td>
<td>522</td>
<td>762</td>
<td>740</td>
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</table>

### Notes:
1. Figures stated may not add up due to rounding of decimals
2. The social data for FY2019 to FY2020 has been restated to enhance completeness of data
3. The disparity between FY2020 and CY2021 learning and development hours might be due to the pandemic so there were minimal trainings ongoing. Hence, the data for FY2020 is significantly lower.
### People and Prosperity

#### Hotel

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FP2021 (July 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>%</td>
<td>Under renovation</td>
<td></td>
</tr>
<tr>
<td>Sunway Resort</td>
<td>93%</td>
<td>91%</td>
<td></td>
</tr>
<tr>
<td>Sunway Pyramid Hotel</td>
<td>96%</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>Sunway Clio Hotel</td>
<td>92%</td>
<td>91%</td>
<td></td>
</tr>
<tr>
<td>Sunway Putra Hotel</td>
<td>85%</td>
<td>84%</td>
<td></td>
</tr>
<tr>
<td>Sunway Hotel Georgetown</td>
<td>87%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Sunway Hotel Seberang Jaya</td>
<td>87%</td>
<td>86%</td>
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</tbody>
</table>

Sunway Hotels score well overall in the Global Review Index by ReviewPro, a measurement tool used by thousand of hotels worldwide as a benchmark for reputation management efforts.

#### Office

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measurement</th>
<th>FP2021 (July 2020 - Dec 2021)</th>
<th>CY2021 (Jan 2021 - Dec 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Promoter Score (NPS)</td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Menara Sunway</td>
<td>58%</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Sunway Tower</td>
<td>78%</td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>Wisma Sunway</td>
<td>71%</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>Sunway Putra Tower</td>
<td>85%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>The Pinnacle</td>
<td>89%</td>
<td>96%</td>
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</table>

#### Customer Satisfaction

<table>
<thead>
<tr>
<th>Indicator</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Menara Sunway</td>
<td>98%</td>
<td>100%</td>
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</tr>
<tr>
<td>Sunway Tower</td>
<td>94%</td>
<td>99%</td>
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</tr>
<tr>
<td>Wisma Sunway</td>
<td>98%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Sunway Putra Tower</td>
<td>99%</td>
<td>99%</td>
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</tr>
<tr>
<td>The Pinnacle</td>
<td>98%</td>
<td>99%</td>
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</table>

### Retail

Customer Satisfaction surveys were halted since move control phases were implemented by the government.

### Statement of Use

Sunway REIT has reported in accordance with the GRI Standards for the period from 1 July 2020 - 31 December 2021.

### GRI Content Index

This report has been prepared in accordance with the GRI Standards: Core option.

#### GRI 1: Foundation 2021

**General Disclosures**

- **GRI 2-1**: Organisational details
- **GRI 2-2**: Entities included in the organisation’s sustainability reporting
- **GRI 2-3**: Reporting period, frequency and contact point
- **GRI 2-4**: Restatements of information
- **GRI 2-5**: External assurance

#### Activities and workers

- **GRI 2-6**: Activities, value chain and other business relationships
- **GRI 2-7**: Employees
- **GRI 2-8**: Workers who are not employees

#### Governance

- **GRI 2-9**: Governance structure and composition
- **GRI 2-10**: Nomination and selection of the highest governance body
- **GRI 2-11**: Chair of the highest governance body
- **GRI 2-12**: Role of the highest governance body in overseeing the management of impacts
- **GRI 2-13**: Delegation of responsibility for managing impacts
- **GRI 2-14**: Role of the highest governance body in sustainability reporting
- **GRI 2-15**: Conflicts of interest
- **GRI 2-16**: Communication of critical concerns
- **GRI 2-17**: Collective knowledge of the highest governance body
- **GRI 2-18**: Evaluation of the performance of the highest governance body
**GRI CONTENT INDEX**

This report has been prepared in accordance with GRI Standards: Core option

### Governance

<table>
<thead>
<tr>
<th>GRI Standard</th>
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<th>UN SDG</th>
<th>SASB</th>
<th>UNCC</th>
<th>Page reference and reasons for omissions, if applicable</th>
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<tr>
<td>2-20 Remuneration policies</td>
<td>-</td>
<td>Corporate Governance</td>
<td>5, 16</td>
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#### Strategy, policies and practices

<table>
<thead>
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<td>2-22 Statement on sustainable development strategy</td>
<td>16</td>
<td>Anti-Corruption, Human Rights &amp; Community Risk Management</td>
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### Strategy, policies and practices

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<td>2-24 Embedding policy commitments</td>
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### Stakeholder engagement

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<td>2-26 Mechanisms for seeking advice and raising concerns</td>
<td>180</td>
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### Labour Standards

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<td>2-28 Membership associations</td>
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### ESG Themes

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### Economic Performance

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### Resource Management (Energy)

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### Climate Change, Pollution & Resources

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<th>Disclosure Title</th>
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<th>UNCC</th>
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<td>Pollution &amp; Resources, Water Security</td>
<td>6, 12</td>
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<tr>
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<td>306-1</td>
<td>Waste generation and significant waste-related impacts</td>
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<td>Waste diverted from disposal</td>
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<td>GRI 306-5</td>
<td>Waste diverted to disposal</td>
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<td>GRI 303: Water and Effluents 2018</td>
<td>303-1</td>
<td>Interactions with water as a shared resource</td>
<td>IF-RE-140a.4</td>
<td>148-149</td>
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<td>GRI 303-2</td>
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<td>Water consumption</td>
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<td>GRI 307: Environmental Compliance 2018</td>
<td>307-1</td>
<td>Non-compliance with environmental laws and regulations</td>
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<tr>
<td>Supply Chain &amp; Materials Management</td>
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<tr>
<td>GRI 301: Materials 2016</td>
<td>301-1</td>
<td>Materials used by weight or volume</td>
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<tr>
<td>GRI 301-2</td>
<td>Recycled input materials used</td>
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<tr>
<td>GRI 301-3</td>
<td>Recycled input materials used</td>
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<td>Not applicable to Sunway REIT’s business</td>
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<tr>
<td>GRI 3: Material Topics 2021</td>
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<td>Management of material topics</td>
<td>Supply Chain (Environmental), Supply Chain (Social)</td>
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<tr>
<td>GRI 204: Procurement Practices 2016</td>
<td>204-1</td>
<td>Proportion of spending on local suppliers</td>
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<td>GRI 308: Supplier Environmental Assessment 2016</td>
<td>308-1</td>
<td>New suppliers that were screened using environmental criteria</td>
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<tr>
<td>GRI 308-2</td>
<td>Negative environmental impacts in the supply chain and actions taken</td>
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<td>GRI 414: Supplier Social Assessment 2016</td>
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<tr>
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<tr>
<td>GRI 3: Material Topics 2021</td>
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<td>401-1</td>
<td>New employee hires and employee turnover</td>
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<td>GRI 402: Labour Management Relations 2016</td>
<td>402-1</td>
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<td>407-1</td>
<td>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</td>
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<tr>
<td>GRI 408: Child Labour 2016</td>
<td>408-1</td>
<td>Operations and suppliers at significant risk for incidents of child labor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Principle 1, 2, 3, 4, 5, 6</td>
<td>157</td>
</tr>
<tr>
<td>GRI 409: Forced or Compulsory Labour 2016</td>
<td>409-1</td>
<td>Operations and suppliers at significant risk for incidents of forced or compulsory labor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Principle 1, 2, 3, 4, 5, 6</td>
<td>157</td>
</tr>
<tr>
<td>GRI 410: Security Practices 2016</td>
<td>410-1</td>
<td>Security personnel trained in human rights policies or procedures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Principle 1, 2, 3, 4, 5, 6</td>
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</tr>
<tr>
<td>GRI 411: Rights of indigenous people 2016</td>
<td>411-1</td>
<td>Incidents of violations involving rights of indigenous peoples</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Principle 1, 2, 3, 4, 5, 6</td>
<td>157</td>
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<tr>
<td>Human Capital Development</td>
<td>GRI 404: Training and Education 2016</td>
<td>404-1</td>
<td>Average hours of training per year per employee</td>
<td>Labour Standards</td>
<td>4, 5, 8</td>
<td>-</td>
<td>Principle 1, 2, 3, 4, 5, 6</td>
</tr>
<tr>
<td>GRI 404-2</td>
<td>Programs for upgrading employee skills and transition assistance programs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Principle 1, 2, 3, 4, 5, 6</td>
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<td></td>
</tr>
<tr>
<td>GRI 404-3</td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Principle 1, 2, 3, 4, 5, 6</td>
<td>157</td>
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</table>
This report has been prepared in accordance with GRI Standards: Core option.

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**Employee Health & Safety**
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  - 403-4 Worker participation, consultation, and communication on occupational health and safety
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  - 413-1 Operations with local community engagement, impact assessments, and development programs
  - 413-2 Operations with significant actual and potential negative impacts on local communities

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<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>AC</td>
<td>AC</td>
</tr>
<tr>
<td>AEI</td>
<td>Average Rental Rate</td>
</tr>
<tr>
<td>AGM</td>
<td>Annual General Meeting</td>
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<td>ARR</td>
<td>Asset enhancement initiatives</td>
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<td>BCI</td>
<td>Building Energy Intensity</td>
</tr>
<tr>
<td>BN</td>
<td>Bursa Malaysia</td>
</tr>
<tr>
<td>Board</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>bps</td>
<td>Basis point</td>
</tr>
<tr>
<td>Bursa Malaysia Securities Berhad</td>
<td>Bursa Malaysia Securities Berhad</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compounded annual growth rate</td>
</tr>
<tr>
<td>Capex</td>
<td>Capital expenditure</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>CY</td>
<td>Calendar year ended or ending 31 December</td>
</tr>
<tr>
<td>Deed</td>
<td>The deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 entered into between the Trustee and the Manager constituting Sunway REIT</td>
</tr>
<tr>
<td>DPU</td>
<td>Distribution per unit</td>
</tr>
<tr>
<td>EPU</td>
<td>Earnings per unit</td>
</tr>
<tr>
<td>ESG</td>
<td>Environmental, Social and Governance</td>
</tr>
<tr>
<td>FF</td>
<td>Financial period ended or ending 31 December</td>
</tr>
<tr>
<td>FSC</td>
<td>Forest Stewardship Council</td>
</tr>
<tr>
<td>FY</td>
<td>Financial year (i.e. Years prior to FP2021 represent financial year ended 30 June; FY2022 onwards represent financial year ending 31 December)</td>
</tr>
<tr>
<td>GBI</td>
<td>Green Building Index</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
</tr>
<tr>
<td>GFA</td>
<td>Gross floor area</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse Gas</td>
</tr>
<tr>
<td>GOP</td>
<td>Gross operating profit</td>
</tr>
<tr>
<td>GNI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
<td>IAD</td>
<td>Internal Audit Department</td>
</tr>
<tr>
<td>ICDM</td>
<td>Institute of Corporate Directors Malaysia</td>
</tr>
<tr>
<td>IR</td>
<td>International Integrated Reporting Council</td>
</tr>
<tr>
<td>IPO</td>
<td>Initial public offering of Sunway REIT on 8 July 2010</td>
</tr>
<tr>
<td>ISMS</td>
<td>Information Security Management System</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicators</td>
</tr>
<tr>
<td>Manager</td>
<td>Sunway REIT Management Sdn Bhd</td>
</tr>
<tr>
<td>M-REIT</td>
<td>Malaysian Real Estate Investment Trust</td>
</tr>
<tr>
<td>MSC</td>
<td>Multimedia Super Corridor</td>
</tr>
<tr>
<td>MTNs</td>
<td>Medium Term Notes</td>
</tr>
<tr>
<td>N/A</td>
<td>Not applicable</td>
</tr>
<tr>
<td>NAV</td>
<td>Net asset value</td>
</tr>
<tr>
<td>NBP</td>
<td>Net book value</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>NLA</td>
<td>Net lettable area</td>
</tr>
<tr>
<td>NPI</td>
<td>Net property income</td>
</tr>
<tr>
<td>NRPC</td>
<td>Nomination and Remuneration Committee</td>
</tr>
<tr>
<td>NRP</td>
<td>National Recovery Plan</td>
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<tr>
<td>OHS</td>
<td>Occupational Health and Safety</td>
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<td>OHSSE</td>
<td>Occupational Health, Safety and Environment</td>
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<td>OPF</td>
<td>Overnight policy rate</td>
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<td>OSHE</td>
<td>Occupational Safety and Health Act</td>
</tr>
<tr>
<td>PDPA</td>
<td>Personal Data Protection Act</td>
</tr>
<tr>
<td>PV</td>
<td>Photovoltaic</td>
</tr>
<tr>
<td>Q</td>
<td>Quarter e.g. Q2 FP2021 refers to second quarter of financial period ended 31 December 2021</td>
</tr>
<tr>
<td>REIT</td>
<td>Real estate investment trust</td>
</tr>
<tr>
<td>ROI</td>
<td>Return on Investment</td>
</tr>
<tr>
<td>RPT</td>
<td>Related party transaction</td>
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<tr>
<td>SC</td>
<td>Securities Commission Malaysia</td>
</tr>
<tr>
<td>SLB</td>
<td>Sustainability-linked bonds</td>
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<tr>
<td>SLR</td>
<td>Sea Level Rise</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
</tr>
<tr>
<td>SPTs</td>
<td>Sustainability Performance Targets</td>
</tr>
<tr>
<td>Sq.ft.</td>
<td>Square feet</td>
</tr>
<tr>
<td>Sq.m.</td>
<td>Square metre</td>
</tr>
<tr>
<td>SWG</td>
<td>Sustainability Working Group</td>
</tr>
<tr>
<td>TAV</td>
<td>Total asset value</td>
</tr>
<tr>
<td>TC2025</td>
<td>TRANSCEND 2025</td>
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<td>TC2027</td>
<td>TRANSCEND 2027</td>
</tr>
<tr>
<td>TCFC</td>
<td>Task Force on Climate-Related Financial Disclosures</td>
</tr>
<tr>
<td>TCIR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>UN SDGs</td>
<td>United Nations Sustainable Development Goals</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>VaR</td>
<td>Value at Risk</td>
</tr>
<tr>
<td>WALE</td>
<td>Weighted average lease expiry</td>
</tr>
<tr>
<td>WFA</td>
<td>Work-from-Anywhere</td>
</tr>
<tr>
<td>WHF</td>
<td>Work-from-Home</td>
</tr>
</tbody>
</table>
Methodology

The verification process was carried out by SIRIM QAS International in January 2022. It involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the statement;
- Reviewing of internal and external documentation and displays such as awards, press releases, media publications, internal newsletters, internal systems, etc.;
- Interviewing of key personnel responsible for collecting information and writing various parts of the statement in order to substantiate the veracity of the claims;
- Evaluating the adequacy of the Sustainability Statement of Sunway REIT and its overall presentation against the GRI Standard requirements.

During the verification process, issues were raised, and clarifications were sought from the management of Sunway REIT relating to the accuracy of some of the data and contents contained in the statement. The statement was subsequently reviewed and revised by Sunway REIT in response to the findings of the verification team. It can be confirmed that changes that have been incorporated into the final version of the statement satisfactorily addressed the issues that had been raised.

Limitation

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of information reported in Sunway REIT Integrated Annual Report 2021;
- The verification was designed to provide limited assurance irrespective of the organization’s ability to achieve its objectives, targets or expectations on sustainability-related issues;
- The corporate office of Sunway Group Sustainability Department, at Menara Sunway, Subang Jaya was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Sunway REIT’s managed leased and leased assets and,;
- The verification team did not verify any contractor or third party data.

Materiality Matters

The materiality assessment process allowed Sunway REIT to gain information on topics pertinent to their internal and external stakeholders. In 2021, Sunway REIT has conducted an in-depth materiality assessment to assess the issues that will impact the company and their stakeholders in moving forward. Apart from the online stakeholders’ survey, Sunway REIT held performed focus group discussions with the Senior Management to finalize the input into their materiality assessment process. The comprehensive materiality assessment reveals eighteen (18) topics considered important by Sunway REIT stakeholders. The significant material matters, among others consist of corporate governance, business ethics and anti-corruption, human capital development and the management of environmental issues like pollution and land from generation of waste and efficient to contribute to the circular economy.

Greenhouse Gases (GHS) emissions and Carbon footprint

The Sunway REIT’s GHS emissions reporting is at company level and has included Direct (Scope 1) GHS Emissions, Energy Intensity (Scope 2) GHS Emissions and Other Indirect (Scope 3) GHS Emissions. The GHS emissions quantification has been carried out externally in accordance with the requirements of the Greenhouse Gas Protocol. A
Corporate Accounting and Reporting Standards with the use of several publicly available emissions standards and tools with specific parameters and estimations applied and monitored for the following emissions sources:

- The Scope 1 emissions from fuel consumed by the company-owned vehicles;
- The Scope 2 emissions resulting from electricity consumption;
- The Scope 3 covers the emissions from waste generation, electricity consumption by the leased assets and overall business travel.

For the environmental monitoring, Sunway REIT has established an internal team managing the collections and data compilation on energy and water consumption, efficiencies and waste generation. The monitoring activities adhering to Sunway Berhad’s environmental metrics to ensure Sunway REIT manages its environmental impact appropriately. With this, GHG emission calculation was also determined from its activities such as the generation of solar-powered electricity at their leased assets, establishment, avoidance of disposal of waste to landfill and purchasing of low-emissions goods and services.

Conclusion
Based on the scope of the verification process, the following represents SIRIM QAS International’s opinion:

- The level of accuracy of data included in the Sunway REIT Sustainability Statement 2021 is fair and acceptable;
- The report was prepared in accordance with the SIRIM Standards (View Option);
- The statements in the entire report were well established and the level of sustainability performance information in the statement was found to be acceptable;
- The information has been presented in an appropriate manner;
- The performance statements are reliable and interpreted adequately in the statement;
- Sunway REIT Management Sdn Bhd has satisfactorily addressed, in the first version of the statement, all issues that had been raised during the assessment;
- The sustainability statement provides a reasonable and balanced presentation of the sustainability performance of Sunway REIT Management Sdn Bhd.

Prepared by: 
Approved by: 

SUNWAY REAL ESTATE INVESTMENT TRUST
(Established in Malaysia under a deed dated 21 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 entered into between Sunway REIT Management Sdn Bhd and RHB Trustees Berhad, both companies incorporated in Malaysia)

PROXY FORM
9TH ANNUAL GENERAL MEETING
(Before completing this form please refer to the notes below)

I/We * (Full name in block) NRIC/Passport/Registration No.*

of

(Address)

with email address

mobile phone no

being a unitholder of Sunway Real Estate Investment Trust (“Sunway REIT”) and entitled to vote hereby appoint:

Full Name (in Block) NRIC/Passport No.

Proportion of Unitholdings

No. of Units %

Address

Email Address

Mobile Phone No.

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to participate and vote remotely for *me/us and on my/our behalf at the 9th Annual General Meeting of Sunway REIT to be conducted fully virtual at the broadcast venue at the Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 7 April 2022 at 3:30 p.m. or any adjournment thereof.

Please indicate with an “x” in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the proxy will vote or abstain from voting at his/her discretion.

NO. ORDINARY RESOLUTIONS FIRST PROXY SECOND PROXY
FOR AGAINST FOR AGAINST

1. Proposed Authority to Issue and Allot New Units of up to 20% of the Total Number of Issued Units of Sunway REIT

2. Proposed Renewal of Unitholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

3. Proposed Renewal of the Authority to Allot and Issue New Units in relation to the Distribution Reinvestment Scheme that Provides the Unitholders of Sunway REIT with the Option to Reinvest their Income Distribution in New Units in Sunway REIT

* delete whichever is not applicable

Dated this _________ 2022

Signature of Unitholder(s) / Common Seal
Notes:–

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No unitholders/proxies from the public will be physically present at the broadcast venue. Unitholders who wish to participate in the 9th AGM will therefore have to register via the link [https://vps.megacorp.com.my/BeojOQ](https://vps.megacorp.com.my/BeojOQ). Kindly refer to the Administrative Details for the 9th AGM for further information.

2. For the purpose of determining a unitholder who shall be entitled to participate and vote remotely at the 9th AGM, Sunway REIT shall be requesting the Record of Depositors as at 31 March 2022. Only a depositor whose name appears on the Record of Depositors as at 31 March 2022 shall be entitled to participate in the said meeting or appoint proxies to participate and vote remotely on his/her behalf. A proxy may but need not be a unitholder.

3. A unitholder may appoint up to 2 proxies to participate and vote remotely at the same meeting.

4. Where a unitholder is an exempted nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds with units of Sunway REIT standing to the credit of the said securities account.

5. Where a unitholder is an exempted nominee as defined under the SICDA, who holds units in Sunway REIT for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempted nominee may appoint in respect of each Omnibus Account if it holds with units standing to the credit of the said Omnibus Account.

6. Where a unitholder appoints or the authorised nominees appoints 2 proxies, or where an exempted nominee appoints 2 or more proxies, the appointment shall be invalid unless he/she or it specifies the proportion of his/her or its holdings to be represented by each proxy.

7. If a unitholder has appointed a proxy or proxies (not more than 2 proxies) to participate in the 9th AGM and subsequently he/she participates in the 9th AGM, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to participate in the 9th AGM.

8. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.

9. The Form of Proxy or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or email to AGM-support.SunwayREIT@megacorp.com.my not later than Wednesday, 6 April 2022 at 3:30 p.m., being 24 hours before the time appointed for holding the 9th AGM or adjournment thereof. You also have the option to register directly at [https://vps.megacorp.com.my/BeojOQ](https://vps.megacorp.com.my/BeojOQ) to submit the proxy appointment electronically not later than Wednesday, 6 April 2022 at 3:30 p.m. For further information on the electronic submission of proxy form, kindly refer to the Administrative Details for the 9th AGM.

10. If no name is inserted in the space for the name of your proxy, the Chairman of the 9th AGM will act as your proxy.

Sunway REIT Management Sdn Bhd c/o
Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur,
Malaysia
<table>
<thead>
<tr>
<th>Printed with <strong>ECO INK</strong> made from higher percentage of vegetable oil to reduce emission of volatile organic compounds (VOCs). Contains low level of chemical, thus less pollution to the environment throughout the printing process.</th>
<th>The total carbon footprint for the Sunway REIT Integrated Annual Report 2021 is <strong>23,963kgCO₂</strong>. We are committed to reducing the environmental impact of our Integrated Annual Report and will continue working to reduce the amount of greenhouse gases (GHG) emitted throughout the entire designing and printing process.</th>
<th>Paper and printing <strong>WASTES ARE BEING RESPONSIBLY HANDLED</strong> to recycle and up-cycle materials in order to reduce the burden on landfills.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco design is both a principle and an approach. It consists of <strong>INTEGRATING ENVIRONMENTAL PROTECTION CRITERIA</strong> over a service or a product's lifecycle.</td>
<td></td>
<td>Paper sourced from <strong>RESPONSIBLY MANAGED FORESTS</strong> that provide environmental benefits. Cover is printed on FSC® Certified Mix Credit 250gsm Xper Premium White; Inner pages are printed on FSC® Certified Mix Credit 120gsm Xper Premium White and FSC Mix Credit UPM Fine Woodfree Printing Paper 100gsm.</td>
</tr>
</tbody>
</table>

**DISCLAIMER:** This Integrated Annual Report 2021 may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed or implied in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; cost of capital and capital availability including availability of financing in the amounts and the terms necessary to support future business; availability of real estate properties; competition from other companies; changes in operating expenses including employee wages, benefits and training, property expenses, government and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements which are based on the Manager’s current view of future events. Past performance is not necessarily indicative of its future performance and that unit price and investment returns may fluctuate.