

SUNWAY® REIT



Sunway REIT

Presentation on the Proposals



Disclaimer

You must read the following before continuing. This presentation is for information purposes only and does not constitute an offer, solicitation to deal in securities or to enter into any legal relations or advertisement or advice or recommendation or invitation with respect to the purchase or sale of or other dealings with any security of Sunway Real Estate Investment Trust (“**Sunway REIT**” or the “**REIT**”) and no part of it shall form the basis of, or be relied on in connection with, any contract, commitment or investment decision whatsoever. The information contained in this presentation is not prepared for general circulation and is intended for institutional investors only, strictly private and confidential and is being provided to you solely for your information. It does not have regard to the specific investment objectives, financial situation or particular needs of any recipient. This presentation may not be distributed or disclosed to any other person and may not be reproduced or published in any form, in whole or in part, for any purpose.

This presentation is not intended for distribution, publication or use in the United States or any other jurisdiction where the distribution, publication, availability or use of this presentation would be contrary to applicable law or which would subject Sunway REIT to any registration, licensing or other requirements within such jurisdiction (“**Restricted Jurisdiction**”). Neither this document nor any part or copy of it may be taken or transmitted or distributed, directly or indirectly, into the United States, its territories or possessions, or any other Restricted Jurisdiction. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.

This presentation is not an offer of securities for sale in the United States. Sunway REIT has not registered and does not intend to register any securities in the United States or to conduct a public offering of any securities in the United States. Sunway REIT units may not be offered or sold in the United States or to U.S. persons except pursuant to an exemption from, or transaction not subject to, the registration requirements of the United States Securities Act of 1933 (the “**Securities Act**”). Accordingly, any offer of securities of Sunway REIT is being made only outside the United States to non-U.S. persons in offshore transactions, in reliance on, and in compliance with Regulation S under the Securities Act. You represent and agree that you are located outside the United States and you are permitted under the laws of your jurisdiction to participate in any offering of securities of Sunway REIT.

This presentation may contain forward-looking statements which are subject to change due to a number of risks, uncertainties and assumptions. Representative 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 on 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 and property expenses; and regulatory and public policy changes. In light of these risks and uncertainties, there is no assurance that the forward-looking statements made in this presentation will in fact be realized and actual results may differ materially from those described in the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements which are based on Management’s current view of future events, as predictions of future events. These forward-looking statements speak only as at the date of which they were made and none of Sunway REIT, its trustee, any of its or their respective agents, officers, employees or advisers intends or has any duty or obligation to supplement, amend, update or revise any forward-looking statement contained herein to reflect any change in circumstances, conditions, events or expectations upon which any such forward-looking statement is based or to correct any statement made. Past performance is not necessarily indicative of its future performance. Accordingly, any reliance you place on such forward-looking statements or any other information contained in this presentation will be at your sole risk.

This presentation does not constitute an offering circular or a prospectus in whole or in part. The information contained in this presentation is provided as at the date of this presentation and is subject to changes without notice. The information contained in this presentation has not been independently verified. The information in this presentation is in summary form and does not purport to be complete. No representation or warranty, express or implied, is made or given by Sunway REIT, its trustee, any of its or their respective agents, officers, employees or advisers as to, and no reliance should be placed on, the accuracy, completeness or correctness of any information, including any projections, estimates, targets and opinions, contained herein. Accordingly, none of Sunway REIT, its trustee, any of its or their respective agents, officers, employees or advisers accept any responsibility, obligation (including, but not limited to, any obligation to update any information contained in this presentation) or liability whatsoever, in negligence or by virtue of fiduciary obligations or otherwise, arising directly or indirectly from the dissemination and/or use of this presentation or from any information contained in this presentation.

Table of contents



1	Overview of the Proposals	4
2	Proposed Acquisition of The Pinnacle Sunway	7
3	Proposed Private Placement	15
4	Proposed Establishment of a DRS	21
	Appendix	25



SUNWAY[®]

REIT



1. Overview of the Proposals

Overview of the Proposals

Overview

1

Proposed Acquisition of The Pinnacle Sunway (“Proposed Acquisition”)

- Sale and Purchase Agreement (“SPA”) signed for the acquisition of The Pinnacle Sunway from wholly-owned indirect subsidiaries of Sunway Berhad
- Total purchase consideration of RM450.0 million - Initial deposit of RM45.0 million was funded by debt; Remaining balance of RM405.0 million to be raised from the Proposed Private Placement

2

Proposed Private Placement

- The Proposed Private Placement entails the issuance of new units in Sunway REIT (the “REIT”) (“Placement Units”) to raise gross proceeds of up to RM710.0 million
- The Proposed Private Placement will be conducted pursuant to unitholders’ approval at the forthcoming Unitholders’ Meeting

3

Proposed Specific Allotment to SRH and EPF

- Major Unitholders⁽¹⁾ - Sunway REIT Holdings Sdn Bhd (“SRH”) and EPF currently owns 40.9% and 15.7% of the REIT respectively
- Unitholders’ approval will be sought to allocate up to 294,507,800 units to SRH and up to 140,000,000 units to EPF in the Private Placement

Summary Rationale

- **Quality addition of Prime Grade A office building** to Sunway REIT’s portfolio
- **Increases portfolio strength** through further diversification
- **Enhances scale, operational and business synergies** within the Sunway City ecosystem
- **The Proposals are expected to be Earnings and Distribution Per Unit (“DPU”) accretive***

- Proceeds will be used to partially fund **the acquisition of The Pinnacle Sunway and the expansion of Sunway Carnival Mall**
- **Strengthen capital position and improve financial flexibility** with gearing expected to decrease from 40.7% to 37.6%
- **Improve trading liquidity** of the REIT & **expand unitholder base**

- Allocation (if any) to the Major Unitholders will be made **pursuant to the bookbuilding exercise at the bookbuilding price**
- **Will enable the Major Unitholders to participate in the Private Placement**

Collectively referred to as the “Proposals”

**Refer to Section 6 of the Circular for detailed calculations and assumptions. The effects of the Proposed DRS are not incorporated as the Board has not determined any particular Income Distribution to which the Proposed DRS applies*

(1) Representing Unitholders with unitholdings of more than 10.0%

Approvals Required

The Proposals are subject to the approval of the Unitholders at the Unitholders' Meeting which is expected to be conducted on **2 October 2020**

Approvals Required	Approving Authority
1 • For the listing and quotation of the Placement Units on the Main Market of Bursa Securities (Obtained on 11 September 2020)	Bursa Malaysia Securities Berhad (“Bursa Securities”)
2 • Approval of Unitholders at the Unitholders' Meeting, for the Proposed Acquisition, Proposed Private Placement and the specific allocation to SRH and EPF in the Proposed Private Placement	Unitholders of Sunway REIT
3 • The approval or no objection from the state authority for the transfer of The Pinnacle Sunway to RHB Trustees Berhad (as the trustee of Sunway REIT) (Obtained on 28 August 2020)	State Authority

The Proposals are subject to the above mentioned approvals and may also be subject to approvals from any other relevant authority and/or party, if required

SUNWAY[®]
REIT

2. Proposed Acquisition of The Pinnacle Sunway



Overview of The Pinnacle Sunway



Property Description	An iconic 24-storey Grade A office building, with 3-storey mezzanine floors and 6 levels of basement car park, GBI-certified and MSC-status
Location	Located strategically within the master-planned integrated township development of Sunway City
Building Age	Approximately 6.5 years from its original issuance date of certificate of completion and compliance dated 31 December 2013
Tenure	Leasehold interest for a term of 99 years, expiring on 1 April 2097 (unexpired term of 77 years)
Gross Floor Area (sqft)	1,145,554 sqft (including 444,752 square feet for basement car park)
Net Lettable Area (sqft)	576,864 sqft
Occupancy Rate	100% occupied based on NLA of committed and/or commenced tenancies
WALE*	1.34 years
Gross Rental Income	RM36 million (FY2019)
NPI*	RM28 million (FY2019)
Vendors	Sunway Integrated Properties Sdn. Bhd. ("Sunway Integrated") and Sunway Pinnacle Sdn. Bhd. ("Sunway Pinnacle")
Independent Valuation	RM450.0 million, as of 1 June 2020
Purchase Consideration	RM450.0 million

Source: Sunway REIT Management

Note: *Based on the valuation report by Knight Frank where the valuation was conducted on 1 June 2020

Transaction Rationale



1

Quality addition of a Grade A office asset with reputable tenants to Sunway REIT's portfolio



2

Increase property portfolio strength through further diversification



3

Enhances scale and synergies within the Sunway City ecosystem



4

Proposals are Earnings and DPU accretive to unitholders*



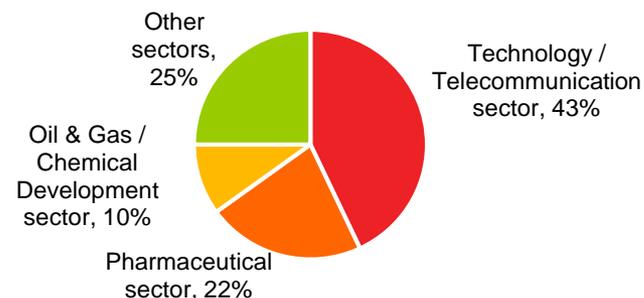
**Refer to Section 6 of the Circular for detailed calculations and assumptions. The effects of the Proposed DRS are not incorporated as the Board has not determined any particular Income Distribution to which the Proposed DRS applies*

Quality Addition of a Prime Grade A Office (Cont'd)

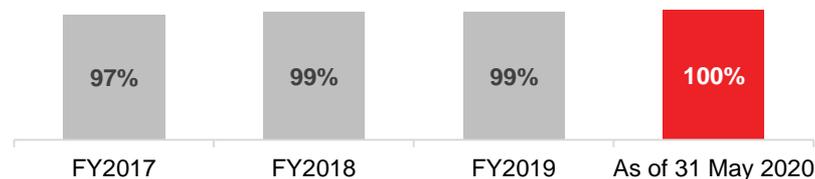
Key Highlights

- A **24-storey Grade A office building** with 3-storey mezzanine floors and 6 levels of basement car park, **GBI-certified, MSC-status and sustainability** at its core
- A unique corporate environment where it is **situated within an internationally-acclaimed, award-winning integrated resort city, Sunway City**. This seamless connectivity allows tenants to enjoy a total working, shopping, leisure and residential environment that provides added value, well beyond the offices
- **Well positioned to secure sought after tenants**, such as global multinational corporations
 - leveraging on the Manager's experienced and tremendously capable team to meet their strict and varied protocols, safety requirements, energy-saving targets, customized floor plans etc
 - intended to become home to innovative multinational corporations, as they would benefit from and be beneficial to the Sunway City community at large
- The Manager has ensured that the **tenant profile is diversified across industries** to insulate against any external circumstances that tenant-mix would impact rental yield stability, which include international and national tenants
- **The Pinnacle Sunway achieved above 90% occupancy rate in just over 2 years after completion** despite being in a very competitive segment. This further demonstrates the strength and resilience that The Pinnacle Sunway will add to Sunway REIT

Diversified Tenant Profile by NLA (as at 31 May 2020):



Average Occupancy of >96% from 2017-2019



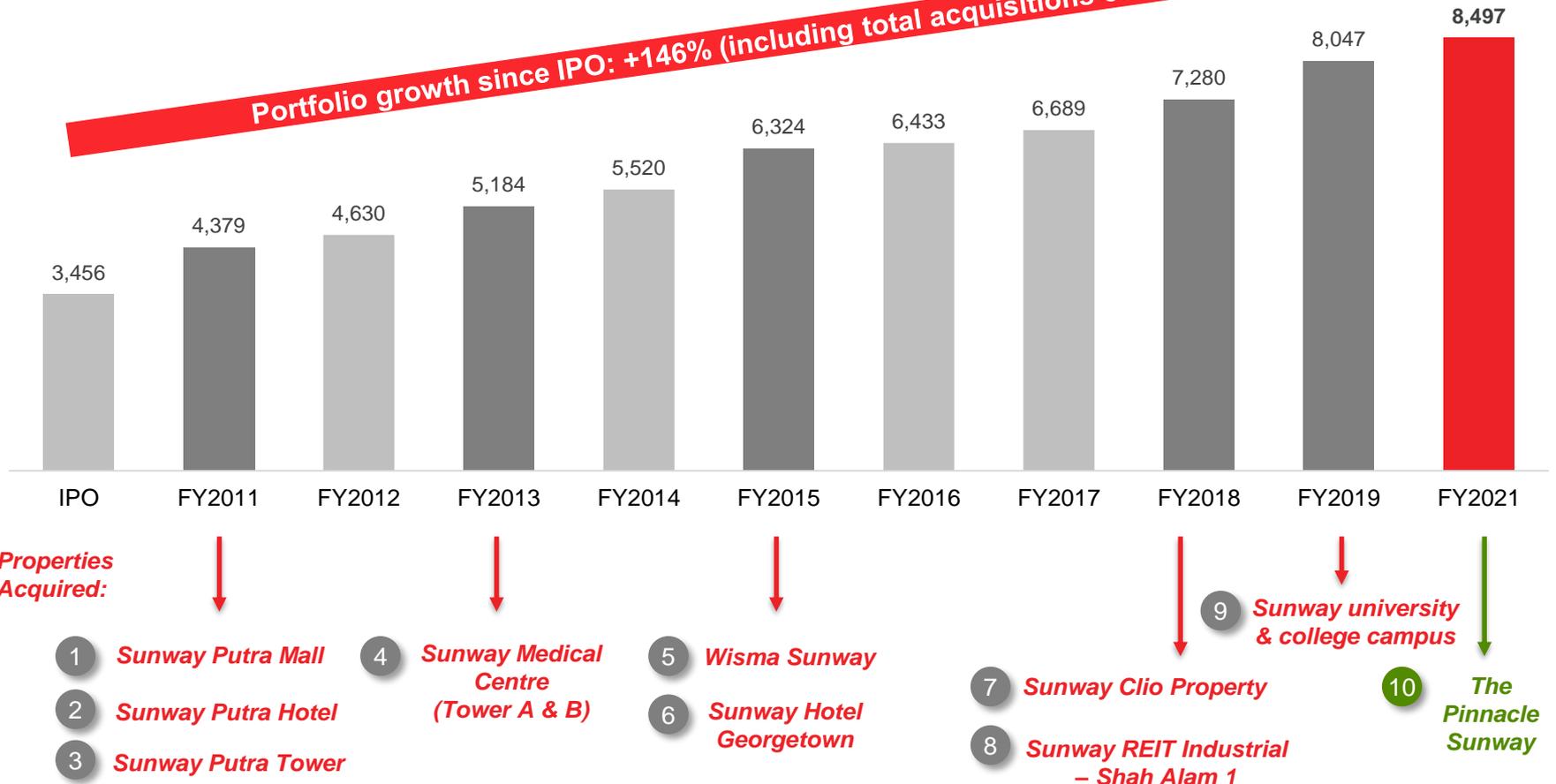
Source: Sunway REIT Management. Valuation report by Knight Frank - Valuation conducted on 1 June 2020

Increases Portfolio Strength Through Further Diversification

Property Value (RM million)

■ indicates years in which acquisitions took place

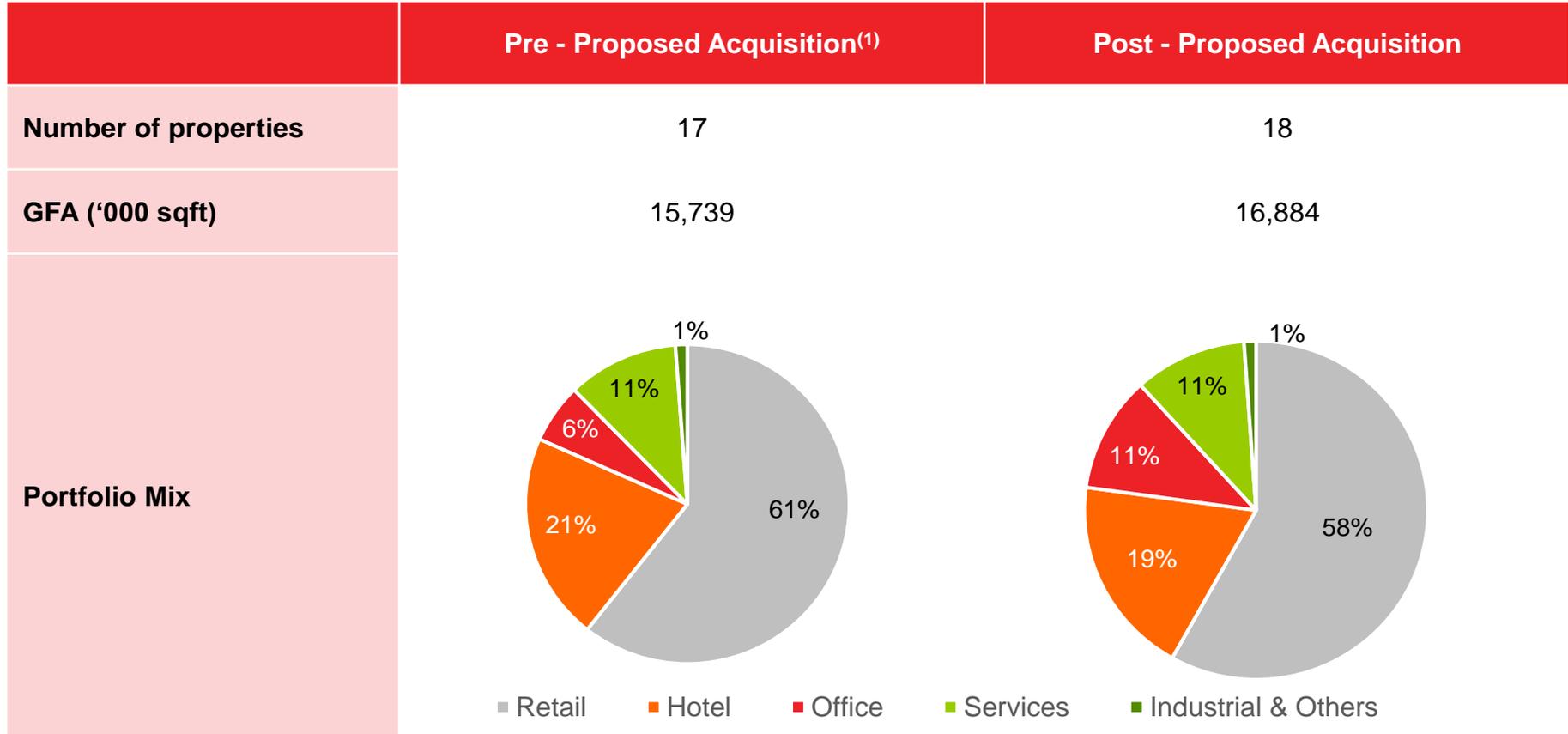
Portfolio growth since IPO: +146% (including total acquisitions of RM2.4 billion)



The Proposed Acquisition will be Sunway REIT's 10th property acquired since IPO and further strengthens its position as the 2nd largest property portfolio among M-REITs

Source: Sunway REIT's announcement and Integrated Report 2020

Increases Portfolio Strength Through Further Diversification (Cont'd)



The Proposed Acquisition will help to reduce the reliance on any single asset or sector and improve diversity of the overall portfolio of Sunway REIT

Source: Sunway REIT's announcement and Integrated Report 2020

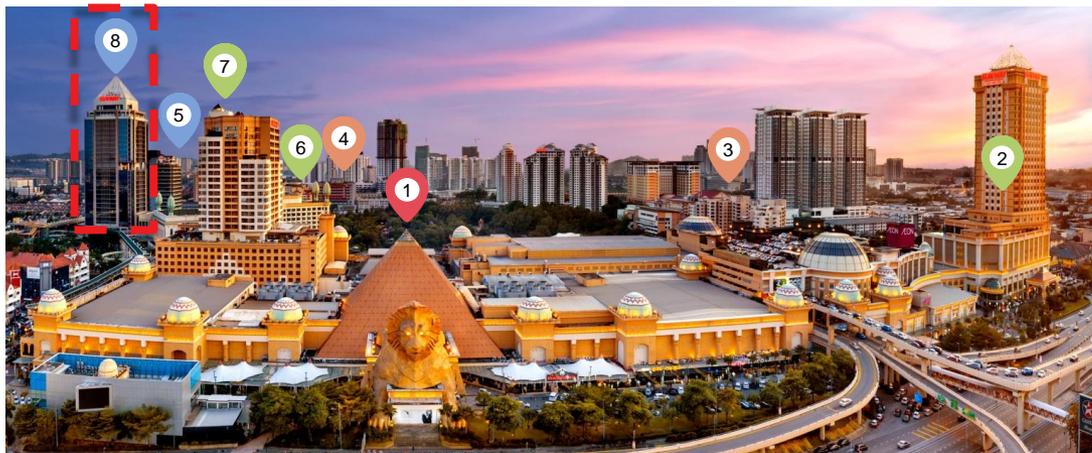
(1) As at 30 June 2020

Enhances Scale and Synergies within Sunway City Eco-System

Complementary Addition to Sunway REIT's Existing 7 Assets Within Sunway City

- **The Pinnacle Sunway will be the 8th asset within Sunway City** to be added to the portfolio and will increase the REIT's exposure to Sunway City from 75.0% to 76.3%
- The acquisition is **synergistic to its existing assets within the integrated township**, as it will allow Sunway REIT to scale and maximize operational and business synergies between The Pinnacle Sunway and its existing properties located within Sunway City
- The acquisition also reaffirms the Manager's **strong conviction of the longer term sustainable growth of the Sunway City ecosystem**, especially due to the **complementary business support from the traffic generated from the various components of Sunway City**

Realising Value for Stakeholders through the Power of Sunway City



Sunway REIT's Properties within Sunway City

1	Sunway Pyramid Shopping Mall
2	Sunway Clio Hotel
3	Sunway university & college campus
4	Sunway Medical Centre (Tower A & B)
5	Menara Sunway
6	Sunway Resort Hotel & Spa
7	Sunway Pyramid Hotel
8	The Pinnacle Sunway

Legend:

■	Retail	■	Services
■	Hotel	■	Office
 	Proposed Acquisition		

- Sunway City is **Malaysia's iconic powerhouse and premier tourist destination**. Harnessing the boundless synergy of an integrated development, Sunway City embraces innovation and sustainability to deliver a unique world-class smart and sustainable experience for its visitors and the local community.
- Sunway City aspires to be the **national model of a smart and sustainable city**. It is a fully Wi-Fi enabled city with a pioneering state-of-the-art eco-friendly public transportation system, the Bus Rapid Transit.
- **Two-thirds of Sunway REIT's properties have flourished in this city**, and created significant value for its stakeholders, in line with Sunway REIT's purpose of empowering businesses, curating experiences and enriching lives

Core Differentiators of the Sunway City Eco-System

1. Connectivity, integration & synergy
2. Championing sustainability
3. Infrastructure & transportation
4. Innovative business approach

Source: Sunway REIT Management, Sunway REIT Annual Report 2019

3. Proposed Private Placement



Indicative Terms of the Proposed Private Placement

Issuer	<ul style="list-style-type: none"> • Sunway Real Estate Investment Trust (“SUNWAY REIT”)
Type of Offering	<ul style="list-style-type: none"> • Private Placement of new units of Sunway REIT subject to Unitholders’ approval at the Unitholders’ Meeting
Offering Size	<ul style="list-style-type: none"> • Up to RM710.0 million raised via issuance of new units in Sunway REIT
Basis of Determining the Issue Price	<ul style="list-style-type: none"> • The Placement Issue Price shall be determined by way of book-building • Shall be fixed based on a discount of not more than 10.0% to 5-day volume weighted average price (“VWAP”) before the Placement Price-Fixing Date
Basis of Distribution	<ul style="list-style-type: none"> • Placement Units will be placed out to local and foreign investors who fall under Schedules 6 and 7 of the Capital Markets and Services Act 2007 / Regulation S
Potential Participation by Major Unitholders	<ul style="list-style-type: none"> • Unitholders’ approval will be sought to place out the following units to the Major Unitholders <ul style="list-style-type: none"> • Sunway REIT Holdings Sdn. Bhd. (currently holding 40.9% of the REIT) – up to 294.5m units • EPF (currently holding 15.7% of the REIT) – up to 140.0m units • Final participation and allocation to Major Unitholders will be decided later during book-building
Principal Advisor for the Proposals	
Joint Placement Agents	  

Proposed Utilisation of Proceeds*

A total of RM405.0 million will be used for the Proposed Acquisition and RM295.4 million will be used for the expansion of Sunway Carnival Mall, with the rest being utilized for paying expenses in relation to the Proposals

Intended Utilisation of Proceeds

1

Proposed Acquisition of The Pinnacle Sunway – RM405.0 million

- Purchase Consideration: RM450.0 million (100% stake)
- Funded through a combination of debt (RM45.0 million) and proceeds from the Proposed Private Placement (RM405.0 million)

2

Expansion of Sunway Carnival Mall – RM295.4 million

- The total estimated project cost - approximately RM353.3 million
- The first phase of the expansion started since 2018 and is expected to be completed by 2021

3

Defray estimated expenses related to the Proposals

Proposed Acquisition

1



The Pinnacle Sunway

- 10th property to be acquired by Sunway REIT since IPO

Note: Details of the Proposed Acquisition is outlined in Section 2

Expansion

2



Expansion of Sunway Carnival Mall

- Sunway REIT's iconic retail mall in Penang

Note: Sunway REIT intends to fund any shortfall in the capital expenditure for expansion of Sunway Carnival Mall via internally-generated funds and/or bank borrowings

**For illustrative purposes only*

The exact amount of proceeds to be raised from the Proposed Private Placement cannot be determined at this juncture as the amount would depend on the actual number of Placement Units to be issued and Placement Issue Price, which can only be determined on the Placement Price-Fixing Date

Overview of the Expansion of Sunway Carnival Mall

Expansion of Sunway Carnival Mall



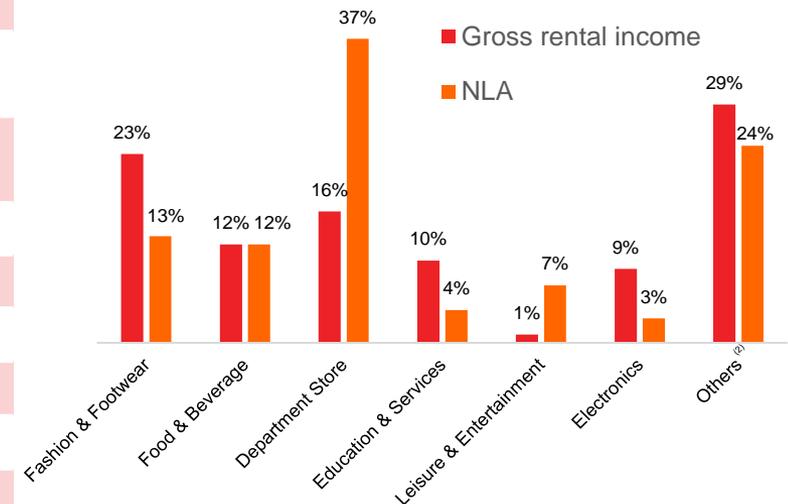
The expansion of Sunway Carnival Mall (comprising 9 storeys of retail space and 7 levels of carpark) is expected to transform the retail scene in Penang with its appealing architectural design and enhanced tenancy mix of international and regional retailers.

Upon completion of Phase 1, the existing wing will also be rejuvenated to synchronise with the overall concept of the mall (Phase 2).

Proceeds from the placement will be channeled towards development of Phase 1.

Estimated total property development cost (including land)	RM353.3 million
Estimated cost outstanding as at 30 June 2020	RM245.4 million
Occupancy rate of existing mall as at 30 June 2020	96.2% (above average occupancy rate in Penang of 73.7% ⁽¹⁾)
Commencement of Phase 1	2018
Target completion of Phase 1	2021
Additional GFA (sqft)	Approximately 525,815 sqft
Total GFA post-expansion (sqft)	Approximately 1,295,364 sqft
Additional NLA (sqft)	Approximately 350,000 sqft
Total NLA post-expansion (sqft)	Approximately 830,000 sqft

Tenancy Profile by Gross Rental Income and NLA



Key Highlights

Expect to transform the retail landscape in Penang

Enhance breadth and depth of tenancy mix in line with evolving lifestyle demands of shoppers

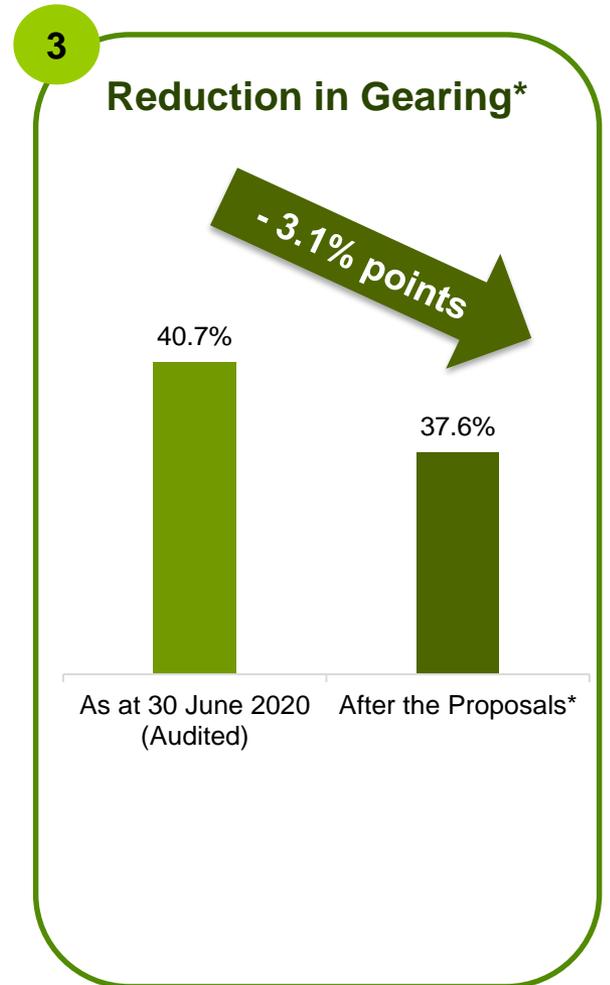
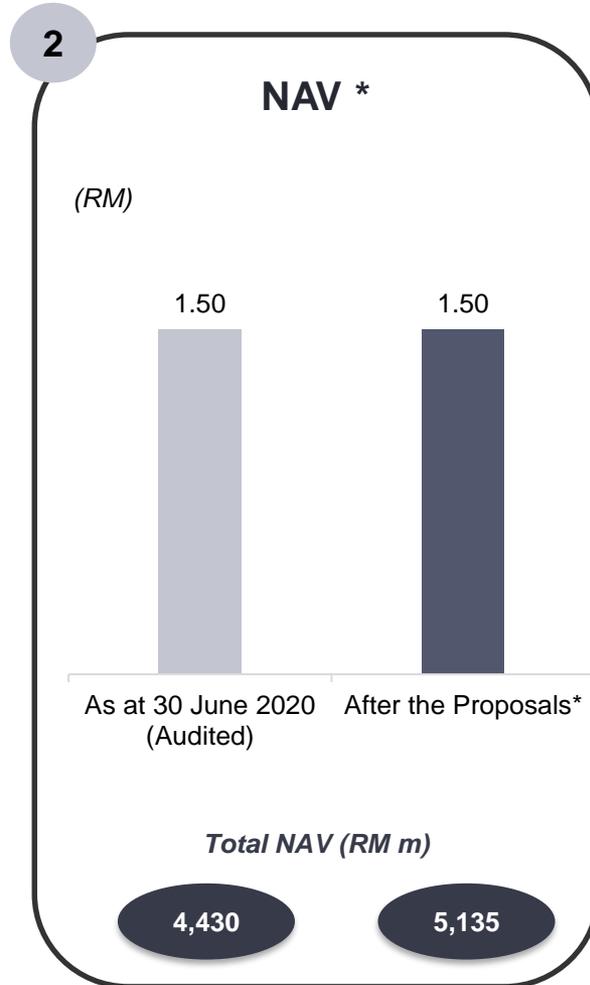
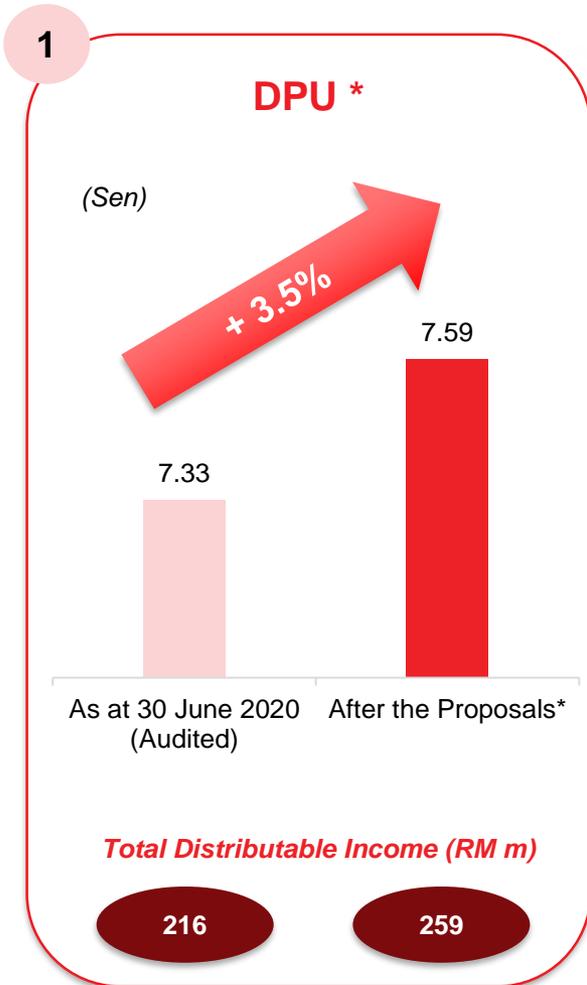
Expected to be Earnings and DPU accretive

Source: Sunway REIT Management

Note: (1) Average occupancy rate in Penang of 73.7% as reported in the Property Market Report 2019

(2) Others mainly consists of tenants in the sectors of supermarket, home & living, jewellery & timepiece and a convention hall.

Proforma Effects of the Proposals*



*For illustrative purposes only, assuming that the Proposals were completed on 1 July 2019 (being the beginning of the FYE 30 June 2020). Refer to Section 6 of the Circular by Sunway REIT dated 17 September 2020, for detailed calculations

The exact amount of proceeds to be raised from the Proposed Private Placement cannot be determined at this juncture as the amount would depend on the actual number of Placement Units to be issued and Placement Issue Price, which can only be determined on the Placement Price-Fixing Date. The pro-forma effects are calculated assuming a Proposed Private Placement of 467,105,200 units issued at a Placement Issue Price of RM1.52 per unit, being a 5.0% discount to the 5-Day VWAP of Sunway REIT up to and including the LPD of RM1.59

The effects of the Proposed DRS are not incorporated as the Board has not determined any particular Income Distribution to which the Proposed DRS applies

Rationale for the Proposed Private Placement

Rationale	Description
1 Partly Finance the DPU-Accretive Acquisition and the Expansion of Sunway Carnival	<ul style="list-style-type: none">• Placement proceeds will primarily be used to partly finance the Proposed Acquisition, and the expansion of Sunway Carnival Mall• Expected to improve Earnings and DPU to unitholders
2 Strengthen Financial Position and Capital Base	<ul style="list-style-type: none">• Strengthen capital position and improve financial flexibility with gearing expected to decrease from 40.7% to 37.6%• The gearing reduction will provide Sunway REIT with greater financial flexibility and may allow Sunway REIT to obtain further financing facilities as and when required in the future
3 Expand Unitholder Base	<ul style="list-style-type: none">• To attract more local and international investors to invest in Sunway REIT, thereby potentially enlarging the Unitholders base• To also allow new investors to invest in Sunway REIT, which will serve as a testament to investors' confidence in the future prospects of Sunway REIT
4 Improve Trading Liquidity	<ul style="list-style-type: none">• The Proposed Private Placement will result in an increase in the market capitalization and free float market capitalization of the REIT. This may result in an improvement of the trading liquidity of the REIT

4. Proposed Establishment of a Distribution Reinvestment Scheme (“DRS”)



Description of the Proposed DRS

Overview

- The Distribution Reinvestment Scheme (“**DRS**”) will give unitholders of Sunway REIT an option to re-invest their cash income distribution in new units of Sunway REIT (“**DRS Units**”)
- Unitholders will have an option to invest in whole or in part of their cash distribution income in the DRS
- The DRS will be applicable to interim, final, special, or other types of cash distributions (“**Income Distribution**”)
- The Proposed DRS shall be tabled at the coming AGM for approval

Re-Investment Option

- The Board may, at its absolute discretion, determine whether to pay Income Distribution in cash or to offer the Unitholders the option to reinvest all or part of such Income Distribution in DRS Units (“**Reinvestment Option**”)
- If the Reinvestment Option is elected, the Board will declare the size of the portion of such Income Distribution to which the Reinvestment Option applies (“**Electable Portion**”)
- The Board is not obliged to undertake the Proposed DRS for each and every Income Distribution to be declared

Available Option to Unitholders

The Unitholders will have the following options in respect of a Reinvestment Option:

- I. to elect to participate in the Reinvestment Option by reinvesting the entire Electable Portion and to receive the Remaining Portion in cash;
- II. to elect to participate in the Reinvestment Option by reinvesting part of the Electable Portion and to receive the balance of the Electable Portion and Remaining Portion in cash; or
- III. to elect not to participate in the Reinvestment Option and thereby receiving their entire Income Distribution entitlement (both Electable Portion and Remaining Portion) wholly in cash

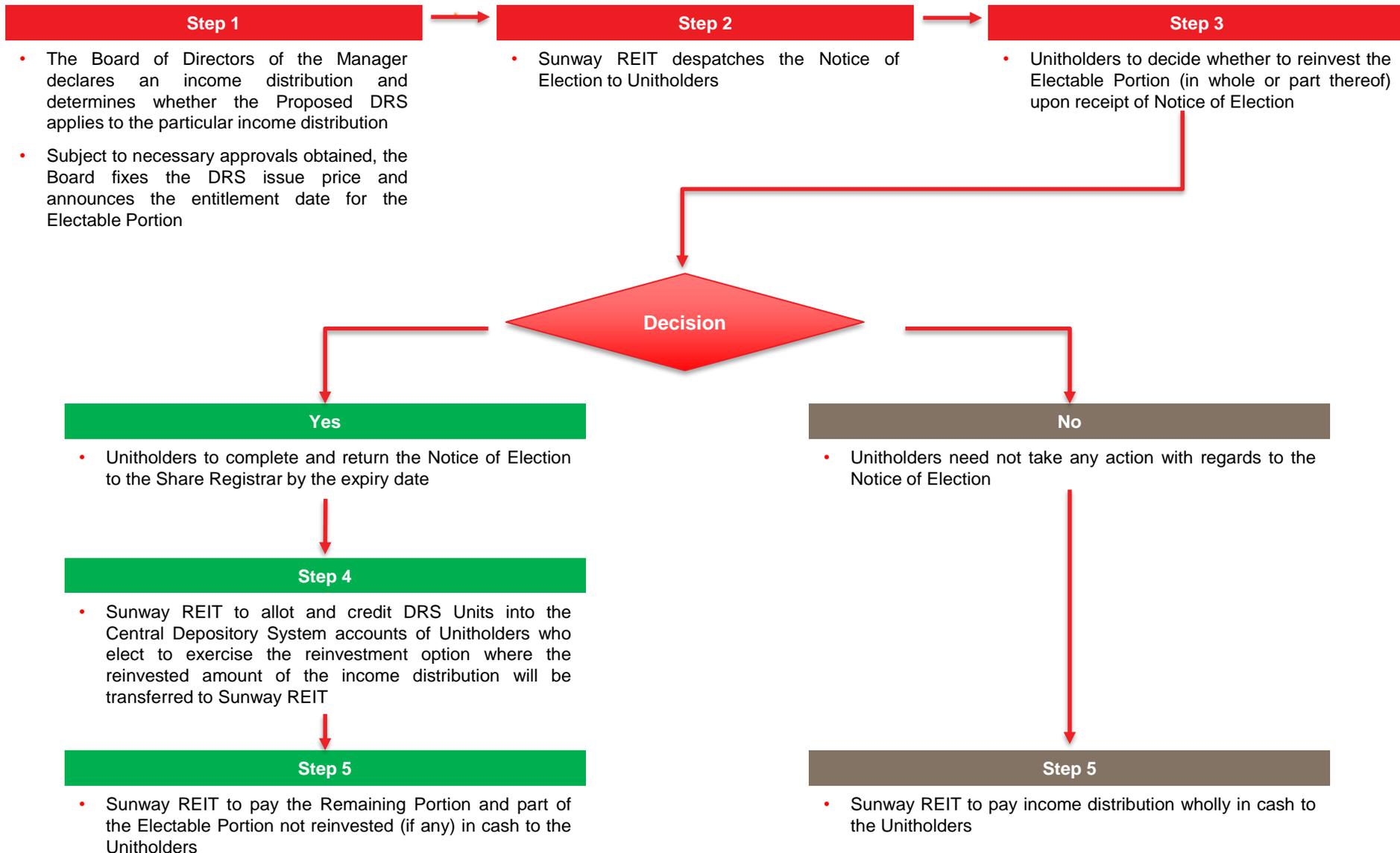
DRS Issue Price

- The DRS Issue Price, will be determined by the Board on a price-fixing date to be announced later (“**DRS Price-Fixing Date**”)
- The DRS Issue Price shall be an issue price of not more than a 10.0% discount to 5-day VWAP of Sunway REIT before the DRS Price-Fixing Date. The 5-day VWAP shall be adjusted for Income Distribution before applying the aforementioned discount in fixing the DRS Issue Price
- The DRS Units will be issued free of any brokerage fees and other related transaction costs to participating Unitholders, unless otherwise provided by any statute, law or regulation

Rationale for the Proposed DRS Scheme

Rationale	Description
<p>1</p> <p>Provides Flexibility in Capital Management</p>	<ul style="list-style-type: none"> • Provides the Manager with flexibility in managing the REIT’s capital position • The reinvestment of Income Distribution by the Unitholders for DRS Units will also enlarge the unit capital base of Sunway REIT • The cash retained which would otherwise be used for the payment of Income Distribution, will be preserved for working capital, capital expenditure and / or other needs of Sunway REIT to be identified at the point when such funds are retained
<p>2</p> <p>Allows Unitholders to have the Option of Reinvesting Further into Sunway REIT</p>	<ul style="list-style-type: none"> • The Proposed DRS will provide the Unitholders with an opportunity to enhance and maximize the value of their unitholdings in Sunway REIT by investing in DRS Units at a discount • The Proposed DRS will also provide flexibility to the Unitholders in meeting their investment objectives as the Unitholders would have the option of receiving Income Distribution in cash and/or reinvesting in the DRS Units • The Proposed DRS only provides Unitholders with the option, and does not impose any obligation on Unitholders to reinvest their Income Distribution, in whole or in part, in the DRS Units
<p>3</p> <p>Alternative Mode of Income Distribution</p>	<ul style="list-style-type: none"> • The implementation of the Proposed DRS will provide an avenue to the Unitholders to exercise the Electable Portion under the Reinvestment Option into DRS Units in lieu of receiving cash
<p>4</p> <p>Improve Trading Liquidity of Sunway REIT</p>	<ul style="list-style-type: none"> • The Proposed DRS may potentially improve the trading liquidity of Units as well as strengthen the financial position and capital base of Sunway REIT through the issuance of DRS Units resulting in an enlarged capital base

Proposed DRS Process Flow Chart





Appendix 1
Overview of FY2020 and 4QFY20
Results

Financial Highlights – FY2020

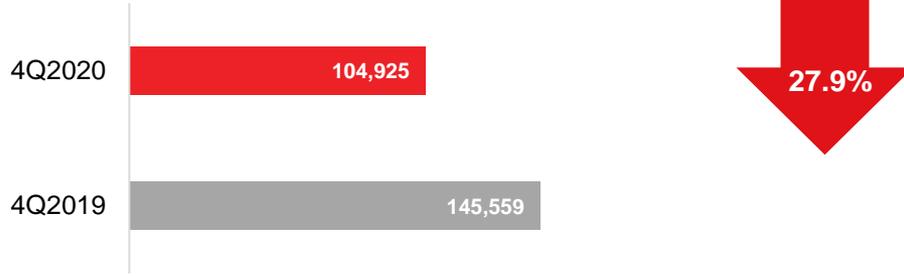
Highlights	FY2020	FY2019
No. of Properties	17	17
Property Value (RM million)	8,037	8,047
NAV Per Unit (after income distribution)*	1.4804	1.4905
DPU	7.33	9.59
Gearing	40.7%	37.9%
% of Fixed Rate Borrowings	43.0%	45.0%

* After proposed final income distribution of 2.38 sen per unit for 2H2020 (30 June 2019: 2.28 sen per unit for 4Q2019).

Financial Highlights – 4Q2020

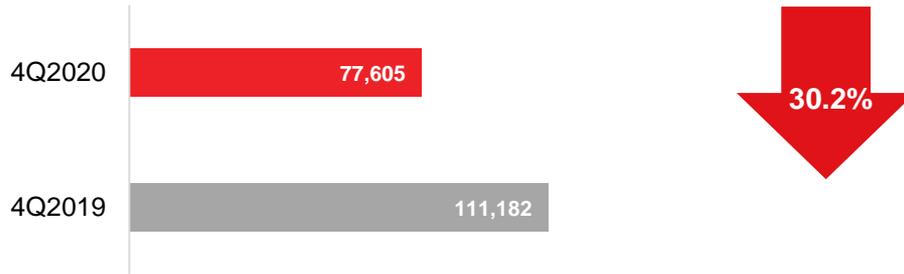
Reported in RM'000

Gross Revenue



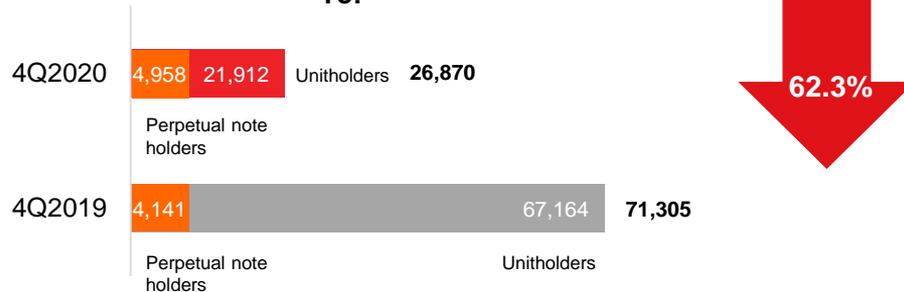
Gross Revenue for 4Q2020 decreased by 27.9% or RM40.6 million compared to 4Q2019 mainly due to rental rebate granted to retail tenants and lease rebate to hotel lessees, impacted by the outbreak of COVID-19 pandemic and the imposition of MCO, CMCO and RMCO.

Net Property Income



Net Property Income for 4Q2020 was lower by 30.2% or RM33.6 million compared to 4Q2019 in line with the lower revenue partially offset by lower property operating expenses from the retail segment.

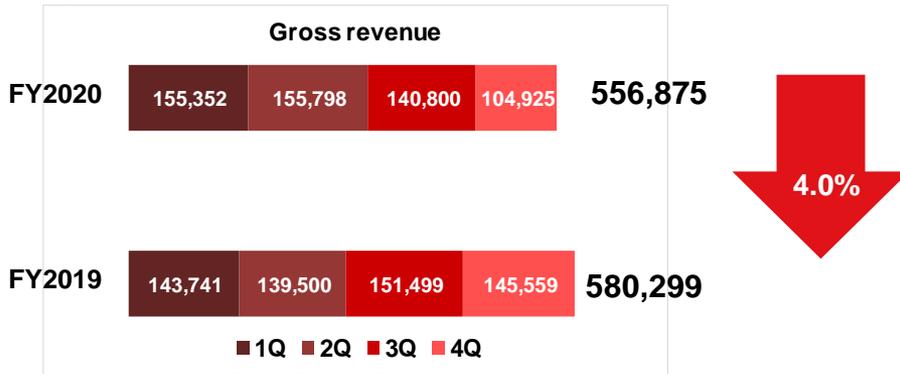
Profit Before Tax (Realised) Attributable To:



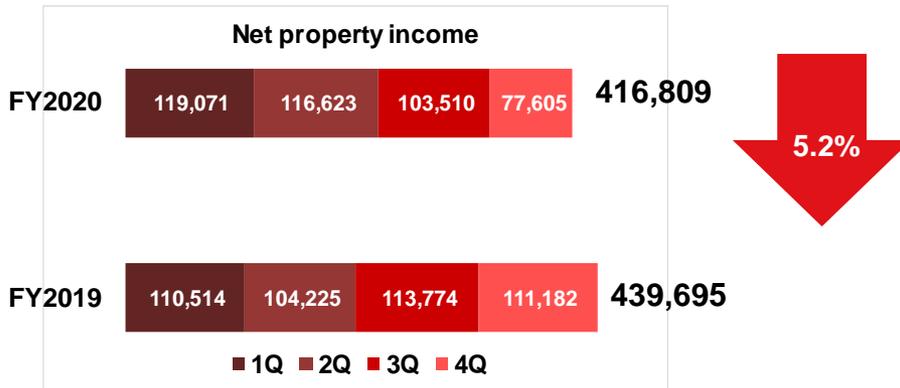
Profit Before Tax (Realised) for 4Q2020 was lower by 62.3% or RM44.4 million compared to 4Q2019 in line with lower NPI, partially mitigated by lower manager's fees and finance costs.

Financial Highlights – FY2020

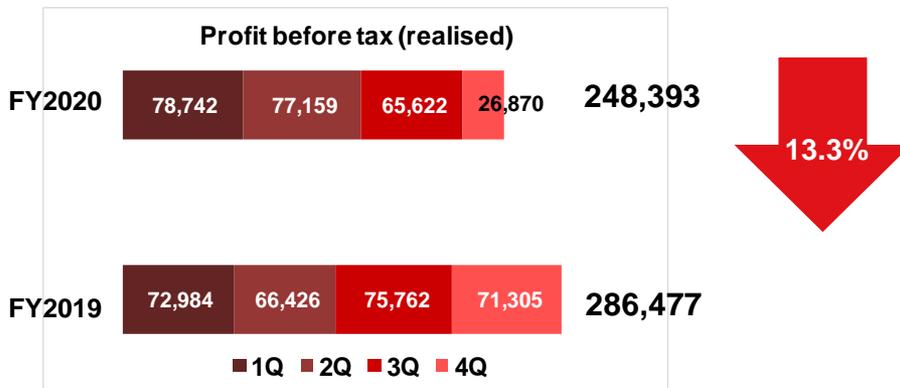
Reported in RM'000



Gross Revenue for FY2020 decreased by 4.0% or RM23.4 million compared to FY2019 mainly due to rental rebate granted to retail tenants and lease rebate to hotel lessees, impacted by the outbreak of COVID-19 pandemic and the imposition of MCO, CMCO and RMCO, partially cushioned by the contribution of the newly acquired Sunway university & college campus.



Net Property Income for FY2020 decreased by 5.2% or RM22.9 million compared to FY2019 in line with the decrease in revenue.



Profit Before Tax (Realised) for FY2020 decreased by 13.3% or RM38.1 million compared to FY2019 in line with lower NPI, partially mitigated by lower finance costs.

Statement of Comprehensive Income – Consolidated

	4Q 2020 RM'000	4Q 2019 RM'000	Change %	YTD 2020 RM'000	YTD 2019 RM'000	Change %
Gross revenue	104,925 *	145,559	-27.9%	556,875 *	580,299	-4.0%
Property operating expenses	(27,320)	(34,377)	-20.5%	(140,066)	(140,604)	-0.4%
Net property income	77,605	111,182	-30.2%	416,809	439,695	-5.2%
Interest income	1,628 ¹	825	97.3%	5,392 ¹	5,165	4.4%
Other income	34	34	0.0%	224	135	65.9%
Changes in fair value of investment properties	(58,213) *	107,730	>-100%	(58,213) *	107,730	>-100%
Manager's fees	(8,072) ²	(9,408)	-14.2%	(36,989)	(36,260)	2.0%
Trustee's fees	(216)	(235)	-8.1%	(722)	(728)	-0.8%
Other trust expenses	(570)	(1,139)	-50.0%	(2,802) ³	(3,755)	-25.4%
Finance costs	(26,578) ⁴	(29,934)	-11.2%	(116,392) ⁴	(117,664)	-1.1%
Profit/(Loss) before tax	(14,382)	179,055	>-100%	207,307	394,318	-47.4%
Income tax expense	900	(1,050)	>100%	900 ⁵	(7,945)	>100%
Profit/(Loss) for the period/year	(13,482)	178,005	>-100%	208,207	386,373	-46.1%
Profit/(Loss) for the period/year comprises the following:						
Realised						
- Unitholders	21,912	67,164	-67.4%	228,449	282,336	-19.1%
- Perpetual note holders	4,958 ⁶	4,141	19.7%	19,944 ⁶	4,141	>100%
Unrealised	(40,352) ⁷	106,700	>-100%	(40,186)	99,896	>-100%
	(13,482)	178,005	>-100%	208,207	386,373	-46.1%
Units in circulation (million units)	2,945	2,945	0.0%	2,945	2,945	0.0%
Basic earnings/(loss) per unit (sen):						
Realised	0.75	2.28	-67.1%	7.76	9.59	-19.1%
Unrealised	(1.36)	3.63	>-100%	(1.36)	3.39	>-100%
	(0.61)	5.91	>-100%	6.40	12.98	-50.7%
Distributable income	21,912	67,164	-67.4%	228,449	282,336	-19.1%
Proposed/declared income distribution	70,093	67,148	4.4%	215,874	282,433	-23.6%
Distributable income per unit (sen)	0.75 ⁸	2.28	-67.1%	7.76	9.59	-19.1%
Proposed/declared DPU (sen)	2.38 ⁹	2.28	4.4%	7.33	9.59	-23.6%

* Including unbilled lease rental income receivable of RM16.9 million which was recognised on a straight-line basis over the lease period pursuant to MFRS 16 Leases.

Statement of Comprehensive Income – Consolidated

- 1 Interest income** for 4Q2020 was higher by RM0.8 million contributed by higher short term investment compared to 4Q2019. Interest income for YTD 4Q2020 was higher by RM0.2 million mainly due to higher short term investment compared to the preceding year, partially mitigated by lower average interest rate for short term investment and placements with financial institutions.
- 2 Manager's fees** was lower in 4Q2020 following the decline in net property income for the quarter.
- 3 Other trust expenses** decreased by RM0.9 million YTD 4Q2020 compared to YTD 4Q2019, mainly due to one-off professional fees in relation to the acquisition of Sunway university & college campus and the establishment of Perpetual Note Programme in the preceding year.
- 4 Finance costs** for 4Q2020 was lower by RM3.4 million resulting from lower average interest rate during the quarter, despite higher principal loan for capital expenditure. YTD 4Q2020 finance cost was lower by RM1.3 million due to lower interest rate for current financial year despite full year interest cost incurred for borrowings of RM200.0 million to partially fund the acquisition of Sunway university & college campus in April 2019.
- 5 Income tax** expense in 4Q2020 represents reversal of deferred tax expense on unrealised fair value gain of freehold land component within the investment properties which is expected to be recovered through sale, pursuant to lower fair value from annual revaluation of the investment properties.
- 6 Realised profit attributable to perpetual note holders** represents current quarter's amount reserved for distribution to perpetual note holders pursuant to issuance of perpetual note in 4Q2019.
- 7 Unrealised loss** for 4Q2020 was largely in relation to fair value loss on investment properties of RM41.3 million.
- 8 Distributable income per unit** represents realised income attributable to unitholders and distribution adjustments, if any.
- 9 Proposed/declared DPU** was 2.38 sen for 2H2020, which represent at least 90% of the distributable income for FY2020 following the change in frequency of income distribution from quarterly to semi-annually effective from calendar year 2020.

Statement of Financial Position – Consolidated

	30.06.20 (Audited) (RM'000)	30.06.19 (Audited) (RM'000)
ASSETS		
Non-current assets		
Investment properties	8,020,233 ^①	8,047,410
Investment properties - accrued lease income	16,930	-
Plant and equipment	12,902	12,517
	8,050,065	8,059,927
Current assets		
Trade receivables	53,266 ^②	19,380
Other receivables	55,349 ^③	11,473
Derivatives	20,039 ^④	-
Short term investment	179,710 ^⑤	-
Cash and bank balances	101,816	67,258
	410,180	98,111
Total assets	8,460,245	8,158,038
EQUITY AND LIABILITIES		
Equity		
Unitholders' capital	2,727,829	2,727,829
Undistributed income	1,702,228	1,729,010
Total Unitholders' funds	4,430,057	4,456,839
Perpetual note holder's funds	339,717	339,717
Total equity	4,769,774	4,796,556
Non-current liabilities		
Borrowings	200,000 ^⑥	-
Long term liabilities	78,524	77,018
Deferred tax liability	13,941	14,841
	292,465	91,859
Current liabilities		
Borrowings	3,245,418 ^⑥	3,090,793
Trade payables	1,698	3,057
Other payables	150,890 ^⑦	174,640
Derivatives	-	1,133
	3,398,006	3,269,623
Total equity and liabilities	8,460,245	8,158,038

	30.06.20 (Audited) (RM'000)	30.06.19 (Audited) (RM'000)
Units in circulation ('000 units)	2,945,078	2,945,078
Net Asset Value ("NAV") attributable to unitholders		
Before income distribution	4,430,057	4,456,839
After income distribution	4,359,964	4,389,691
NAV per unit attributable to unitholders (RM):		
Before income distribution	1.5042	1.5133
After income distribution*	1.4804	1.4905

* After proposed final income distribution of 2.38 sen per unit for 2H2020 (30 June 2019: 2.28 sen per unit for Q42019).

Statement of Financial Position – Consolidated

- 1 Investment properties** has reduced by RM27.2 million mainly resulting from net fair value loss of RM41.3 million pursuant to annual revaluation in June 2020 and recognition of unbilled lease income receivable of RM16.9 million pursuant to MFRS 16 *Leases*, partially mitigated by on-going capital expenditure mainly for the expansion of Sunway Carnival Shopping Mall.
- 2 Trade receivables** was higher mainly due to temporary relief granted under the flexible rent repayment scheme to eligible tenants and longer collection period, especially from the retail segment which was greatly affected by the COVID-19 pandemic and MCO. The trade receivables is expected to be recovered over time with the rebound of retail sales and footfall in shopping malls.
- 3 Other receivables** was higher mainly due the 10% deposit of RM45.0 million for the proposed acquisition of The Pinnacle Sunway.
- 4 Derivatives** of RM20.0 million was in relation to AUD-MYR CCS contract for the USD100 million revolving loan (drawn in AUD135 million).
- 5 Short term investment** relates to investment in 1-month commercial paper issued by Sunway Berhad Group, at the nominal value of RM180.0 million less discount on commercial paper of RM0.3 million.
- 6 Borrowings** increased by RM354.6 million as at 30 June 2020 mainly to increase the liquidity to prepare for funding of planned capital expenditure and for payment of the 10% deposit for the proposed acquisition of The Pinnacle Sunway upon signing of the sale and purchase agreement in June 2020.
- 7 Other payables** decreased by RM23.7 million mainly due to reversal of the over accrued capital expenditure of investment properties in prior years.

Statement of Cash Flows – Consolidated

	Cumulative Quarter ended	
	30.06.2020	30.06.2019
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	562,005	623,639
Refundable security deposits from customers	821	11,335
Cash paid for operating expenses	(217,919)	(235,537)
Net cash from operating activities 1	344,907	399,437
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(2,290)	(3,126)
Deposit for acquisition of investment property	(45,000)	-
Acquisition of investment properties	-	(550,000)
Incidental costs on acquisition of investment properties	-	(5,885)
Subsequent expenditure of investment properties	(72,358)	(111,687)
Investment in short term money market instrument	(1,020,000)	(455,000)
Redemption of short term money market instrument	840,000	585,000
Net cash flows from/(to) licensed financial institutions with maturity of over 3 months	20,000	(20,000)
Interest received	6,041	4,503
Net cash used in investing activities 2	(273,607)	(556,195)
FINANCING ACTIVITIES		
Proceeds from issuance of commercial papers	1,010,000	1,801,000
Proceeds from issuance of unrated medium term notes	1,400,000	1,200,000
Drawdown of revolving loan - USD	373,680	1,207,910
Drawdown of revolving loan	18,410,000	14,398,000
Repayment of commercial papers	(960,000)	(1,801,000)
Repayment of unrated medium term notes	(1,200,000)	(1,300,000)
Repayment of revolving loan	(18,310,000)	(14,097,000)
Repayment of revolving loan - USD	(392,310)	(1,208,500)
Interest paid	(115,239)	(115,066)
Distribution paid to unitholders	(212,929)	(278,604)
Distribution paid to perpetual note holders	(19,944)	-
Net proceed from issuance of perpetual note	-	339,717
Net cash used in financing activities 3	(16,742)	146,457
Net increase/(decrease) in cash and cash equivalents	54,558	(10,301)
Cash and cash equivalents at beginning of year	47,258	57,559
Cash and cash equivalents at end of year	101,816	47,258
Cash and bank balances	101,816	67,258
Deposits with licensed financial institutions with maturity of over 3 months	-	(20,000)
Cash and cash equivalents	101,816	47,258
Cash and bank balances at end of year comprise:		
Cash on hand and at banks	31,816	25,258
Deposits placed with licensed financial institutions	70,000	42,000
Cash and bank balances 4	101,816	67,258

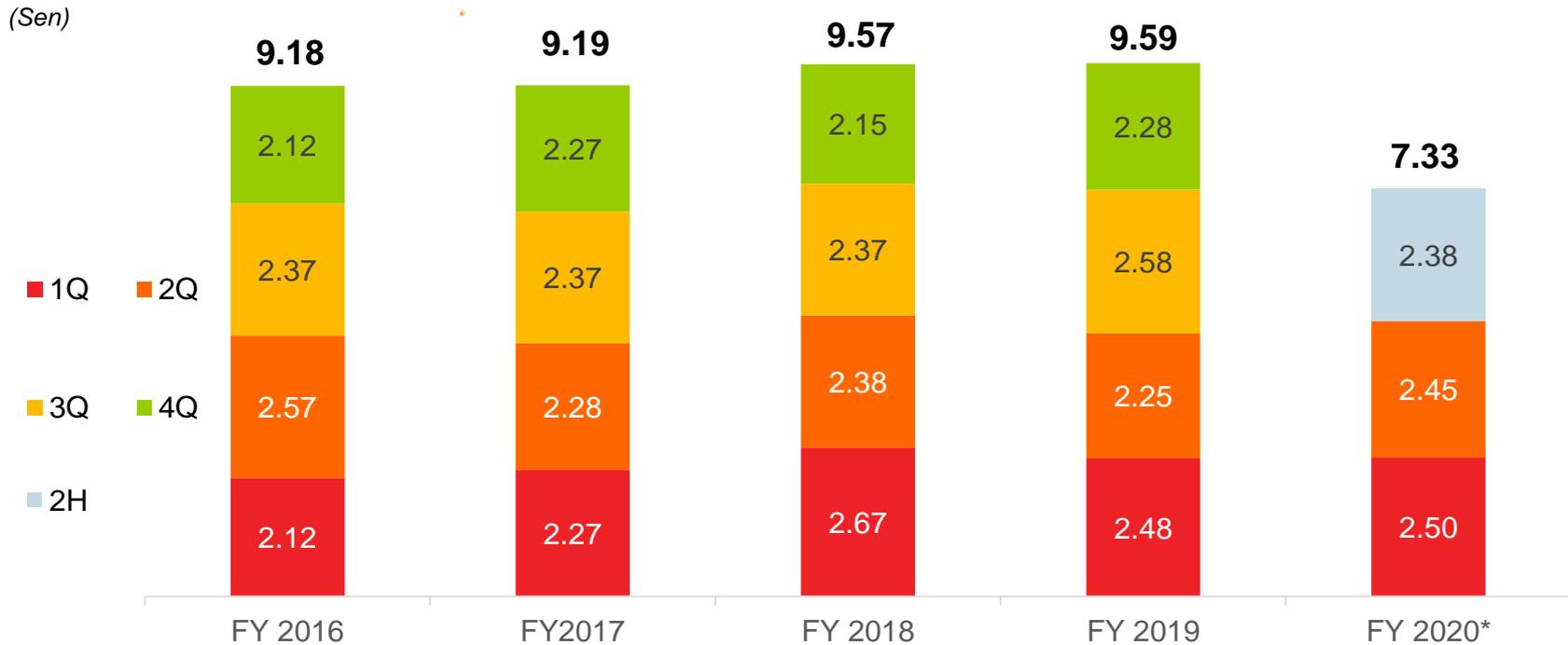
1 Net cash from operating activities for YTD 4Q2020 was RM344.9 million, lower by RM54.5 million compared to YTD 4Q2019 mainly attributable to lower collection from lessees and tenants of RM61.6 million, as well as lower refundable security deposits from customers of RM10.5 million, partially offset by lower cash paid for operating expenses of RM17.6 million.

2 Net cash used in investing activities for YTD 4Q2020 was RM273.6 million comprising investment in short-term money market instrument of RM180 million, subsequent expenditure of investment properties of RM72.4 million as well as the deposit for the acquisition of investment property of RM45 million.

3 Net cash used in financing activities for the financial year of RM16.7 million was contributed by income distribution paid to unitholders of RM212.9 million, interest paid of RM115.2 million and distribution to perpetual note holders of RM20.0 million during the financial year, partially offset by net proceeds from borrowings amounting to RM331.4 million.

4 Cash and bank balances as at 30 June 2020 and 30 June 2019 stood at RM101.8 million and RM67.3 million respectively. The higher balance at the end of current financial year was contributed by excess fund from borrowings for planned capital expenditure coupled with the income for 3Q2020 reserved for distribution in August 2020.

5-Year DPU



DPU for 2H2020 was lower by 2.48 sen mainly due to:

- i. Lower contribution from the retail and hotel segments which were impacted by the outbreak of COVID-19 pandemic as well as MCO and CMCO declared by the Government of Malaysia effective 18 March 2020
- ii. DPU was partially cushioned by contribution from the newly acquired Sunway university & college campus from 15 April 2019
- iii. Distribution payout ratio of at least 90.0% of distributable income for FY2020 compared to 100.0% for FY2019.

* In FY20 – 3Q and 4Q DPU was announced collectively as 2H DPU

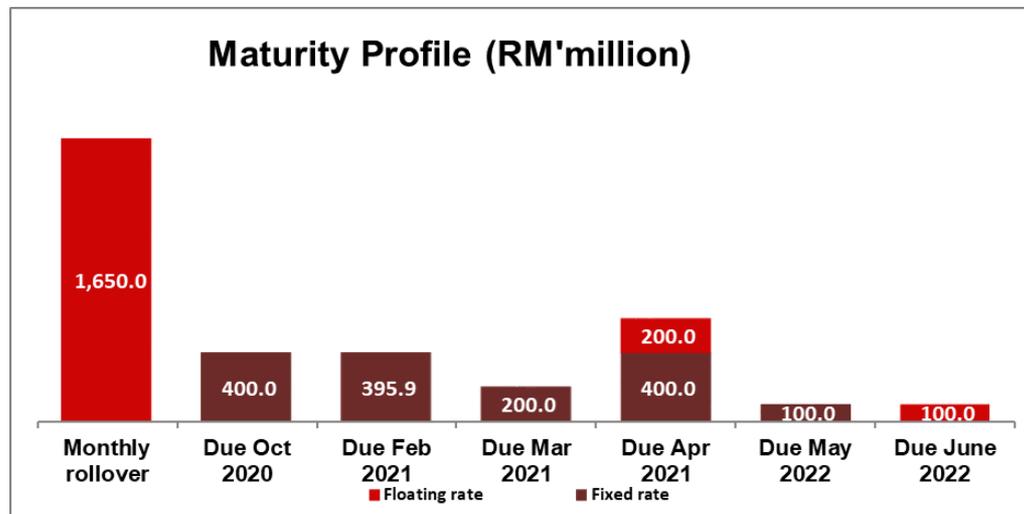
Debt Profile as at 30 June 2020

	Facility Limit (RM million)	Amount (RM million)
Revolving Loan (USD 100m)	373.7	395.9 ⁽¹⁾
Commercial Papers (CP) / Revolving Loan (RL)	3,000.0	1,650.0 ⁽²⁾
Unrated MTNs	10,000.0	1,400.0 ⁽³⁾
Total Gross Borrowings		3,445.9
Discount on Commercial Paper		(0.1)
Unamortised Transaction Costs		(0.4)
Total Borrowings		3,445.4

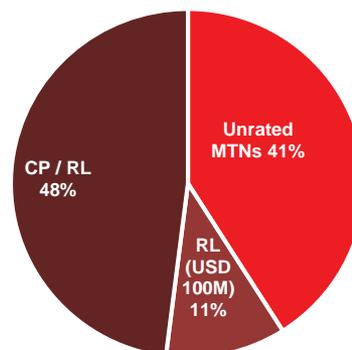
Maturity Profile	(RM million)
Current (due within 1 year)	3,245.9
Non-current (due after 1 year)	200.0
Total Borrowings	3,445.9
Average Cost of Debt	3.66%
Average Maturity Period (Year)	0.4
Debt Service Cover Ratio (DSCR)	3.1
Gearing Ratio	40.7%

Notes:

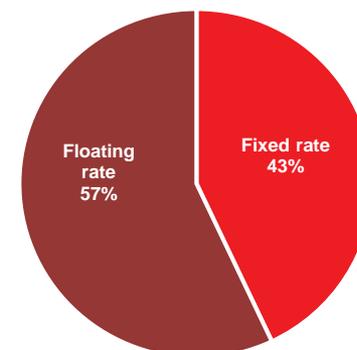
- The amount includes unrealised foreign exchange loss of RM22.2 million. The revolving loan is fully hedged with a 9 month cross currency swap contract until 12 Feb 2020.
- Underwritten by financial institution for amount up to RM1.5 billion as of 30 June 2020.
- Commitment from financial institution to subscribe unrated MTNs of up to RM1.5 billion (30 June 2019: RM1.0 billion) for 5 years with maturity date of any subscription shall not be later than April 2023.



Sources of Debt



Fixed vs Floating



SUNWAY[®]
REIT

Appendix 2

Market Outlook for Major Property Segments & Glossary

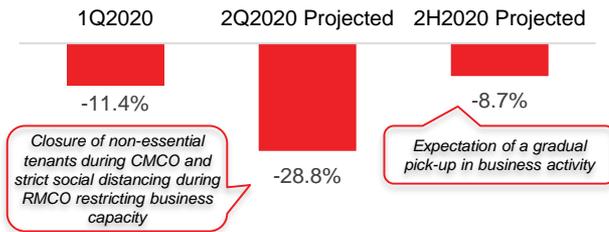
SUNWAY UNIVERSITY



Market Outlook for Major Property Segments

Retail Segment

- Adversely impacted by Covid-19 pandemic as demonstrated by Malaysia's CY2020 retail sales statistics - The Retail Group Malaysia:



- Retail landscape in Malaysia continues to evolve alongside with global trends:
 - Accelerated into the global omnichannel retail business model with surge in online sales
 - Short-lived spike in retail sales as shopping-deprived consumers splurge after being on lockdown
- Pursuant to the resumption in business operation, retail footfall has demonstrated encouraging recovery. The Manager remains cautious on the prospect in the short-term as consumer sentiment remains fragile. In view of that, continuous rental, marketing and promotional supports are necessary for tenants to rebuild their business over the medium to long-term.

Hotel Segment

- Tourism sector has been paralysed by the COVID-19 pandemic:
 - Tourism related businesses struggled to survive leading to loss of employment
 - Permanent closure of hotels announced within initial weeks of the MCO
- Government promptly introduced relief measures to revive the industry and gradual relaxation for the hotel industry during the RMCO phase, with attractive promotions and stringent safety/hygiene measures have translated into pent up demand for vacations in the short-term.
- Going forward, the headwinds surrounding the hotel segment may persist depending on the longevity of the pandemic in the absence of vaccine coupled with ongoing restrictions on cross-border mobility
- The Manager expects the financial performance for the hotel segment to remain soft in FY2021. Steps taken:
 - Proactive strategies via tactical promotional campaigns to capture market share for domestic travelers
 - Phased refurbishment of Sunway Resort Hotel

Office Segment

- Relatively more insulated amid Covid-19 pandemic:
 - Swift adaptation of acceleration in technology to ensure business continuity
 - Alternative working arrangements
 - Vulnerable SMEs segment received Government's support
- Prime offices located in integrated townships and transit-oriented developments (TODs) are poised to:
 - Benefit from continuing decentralization trend
 - Meet tenants' demand for prime offices at competitive pricing as businesses are on cost-containment mode
- The Manager expects the office segment within Sunway REIT's asset portfolio to remain stable in FY2021. The segment's financial performance is expected to be further boosted by new income contribution upon the completion of the proposed acquisition of The Pinnacle Sunway, targeted to be completed in 2Q FY2021

COVID-19 Impact – Malaysian Movement Control Orders Timeline

● Movement Control Order (“MCO”)

18 March 2020 – 3 May 2020

- The Malaysian Government first announced the MCO in March to contain the spread of COVID-19.
- During this period, only essential services are allowed to operate. All places of worship, schools and business premises were closed except for supermarkets, public markets, grocery stores, and stores selling basic necessities.
- Interstate travel was not allowed during this period unless an approval was obtained from the police and foreign visitors / tourists were banned from entering the country.

● Conditional Movement Control Order (“CMCO”)

4 May 2020 – 9 June 2020

- Following a reduction in COVID-19 cases, the CMCO was implemented to gradually relax the rules and reopen the economy.
- Most economic sectors and activities are allowed to operate while following the standard operation procedures such as social distancing and recording the names and telephone numbers of customers and the dates of their visit.
- Interstate travel was allowed for people who needed to return to work.

● Recovery Movement Control Order (“RMCO”)

10 June 2020 – 31 December 2020

- The RMCO was announced to be further extended till end of 2020 after being scheduled to end on 31 August 2020.
- Business and education sectors were allowed to reopen in stages with strict standard operating procedures. Certain sectors such as night clubs, pubs and large sporting events are still not allowed to operate during this period.
- Interstate travel is allowed except to areas under enhanced MCO. Foreign nationals may only enter the country for business purposes upon obtaining approval.