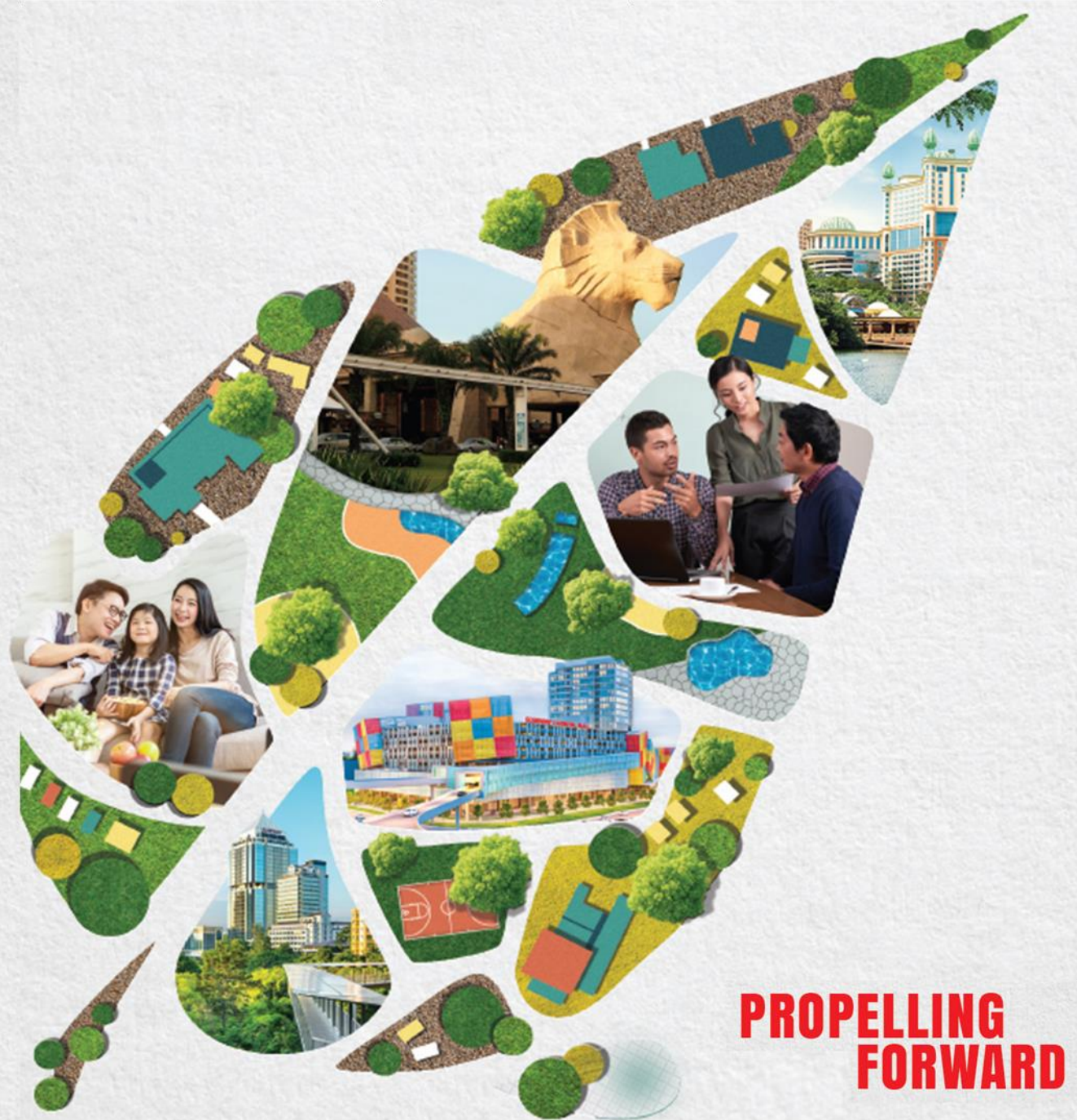


**SUNWAY®**

# REIT

# 10<sup>th</sup> Annual General Meeting

27 April 2023



# PROPELLING FORWARD

# One Of The Largest Diversified Real Estate Investment Trusts (REITs) In Malaysia

Sunway REIT Overview

Financial Highlights

Value Creation

TRANSCEND 2027

Prospects

## Diversified portfolio across strategic locations in Malaysia

### 1. Penang Island

- Sunway Hotel Georgetown

### 2. Penang Mainland

- Sunway Hotel Seberang Jaya
- Sunway Carnival Mall

### 3. Ipoh

- SunCity Ipoh Hypermarket

### 4. Kuala Lumpur

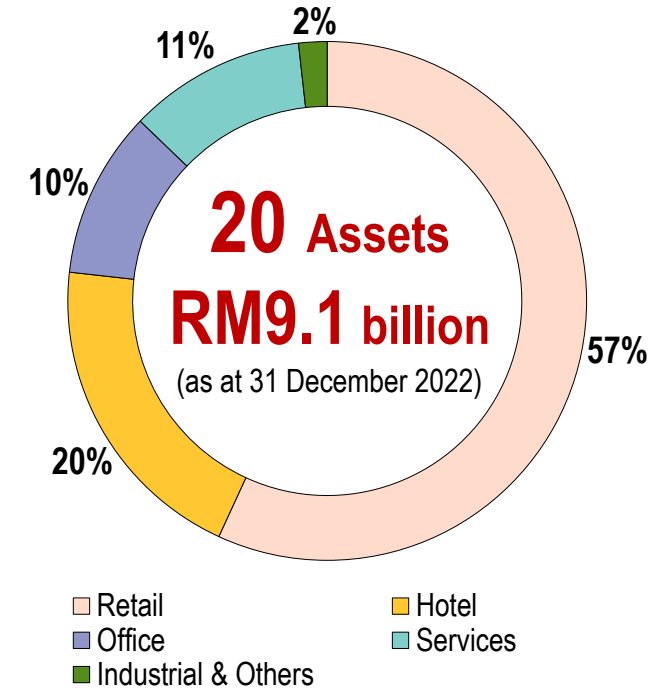
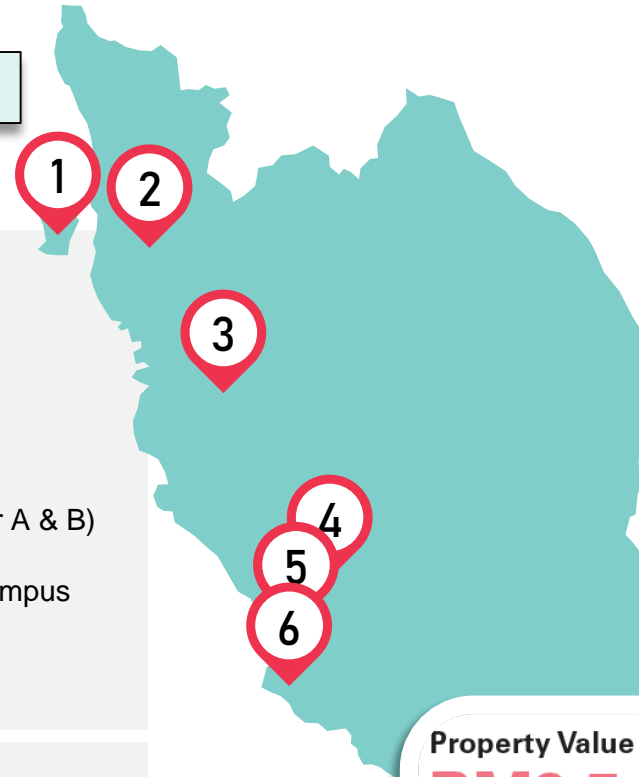
- Sunway Putra Mall
- Sunway Putra Hotel
- Sunway Putra Tower
- Sunway Tower

### 5. Sunway City

- Sunway Pyramid Mall
- Sunway Resort Hotel
- Sunway Pyramid Hotel
- Sunway Lagoon Hotel
- Menara Sunway
- Sunway Pinnacle
- Sunway Medical Centre (Tower A & B) **(pending disposal)**
- Sunway university & college campus

### 6. Selangor

- Wisma Sunway
- Sunway Pier **(New)**
- Sunway REIT Industrial – Shah Alam 1
- Sunway REIT Industrial – Petaling Jaya 1 **(New)**



Property Value at IPO<sup>1</sup>

**RM3.5 billion**

Total Acquisition since IPO<sup>1</sup>

**RM2.5 billion**

Net Fair Value Gain, AEI and Property Development Activities since IPO

**RM3.1 billion**

<sup>1</sup> Including incidental costs on acquisition, i.e. acquisition fee, legal fee and valuation fee.



# Stellar Financial Performance (FY2022)

Sunway REIT Overview

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Revenue

**RM651**  
million



Net Property  
Income

**RM500**  
million



Average  
Cost of Debt

**2.98%**



Market  
Capitalisation

**RM5.0**  
billion



Total  
Return

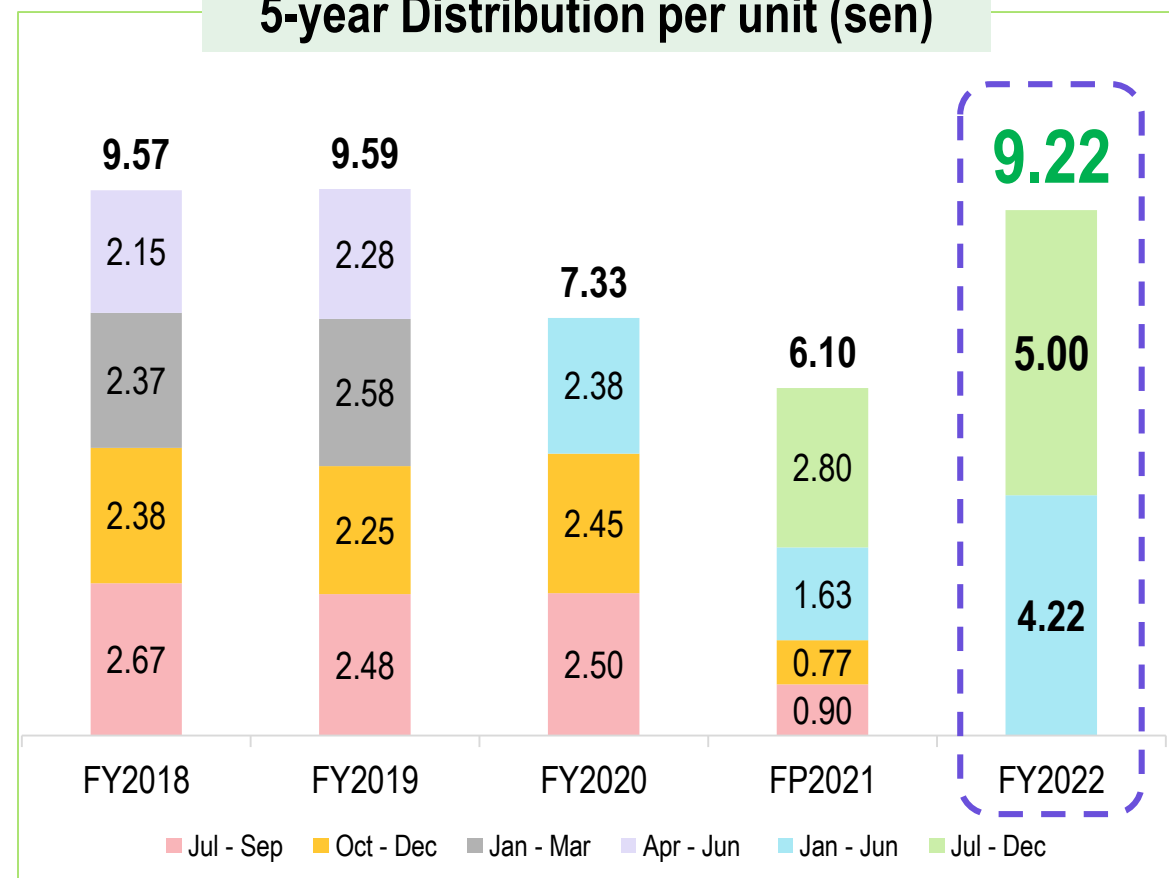
**9.8%**



Distribution  
Yield

**6.3%\***

## 5-year Distribution per unit (sen)



\*Based on DPU of 9.22 sen divided by the closing unit price as at 31 December 2022 of RM1.46.

# Portfolio At A Glance (FY2022)

Sunway REIT Overview

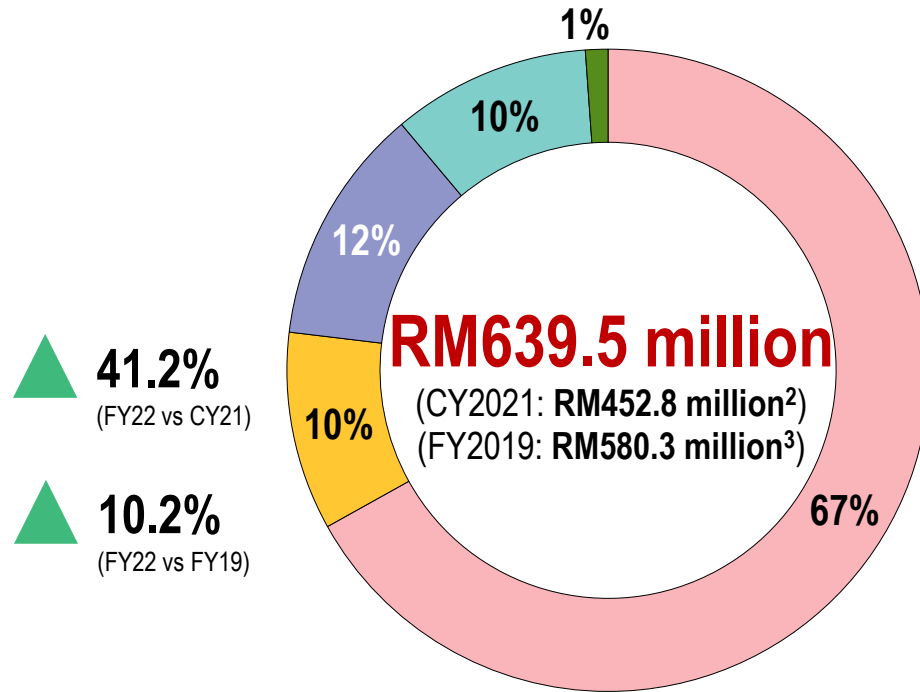
Financial Highlights

Value Creation

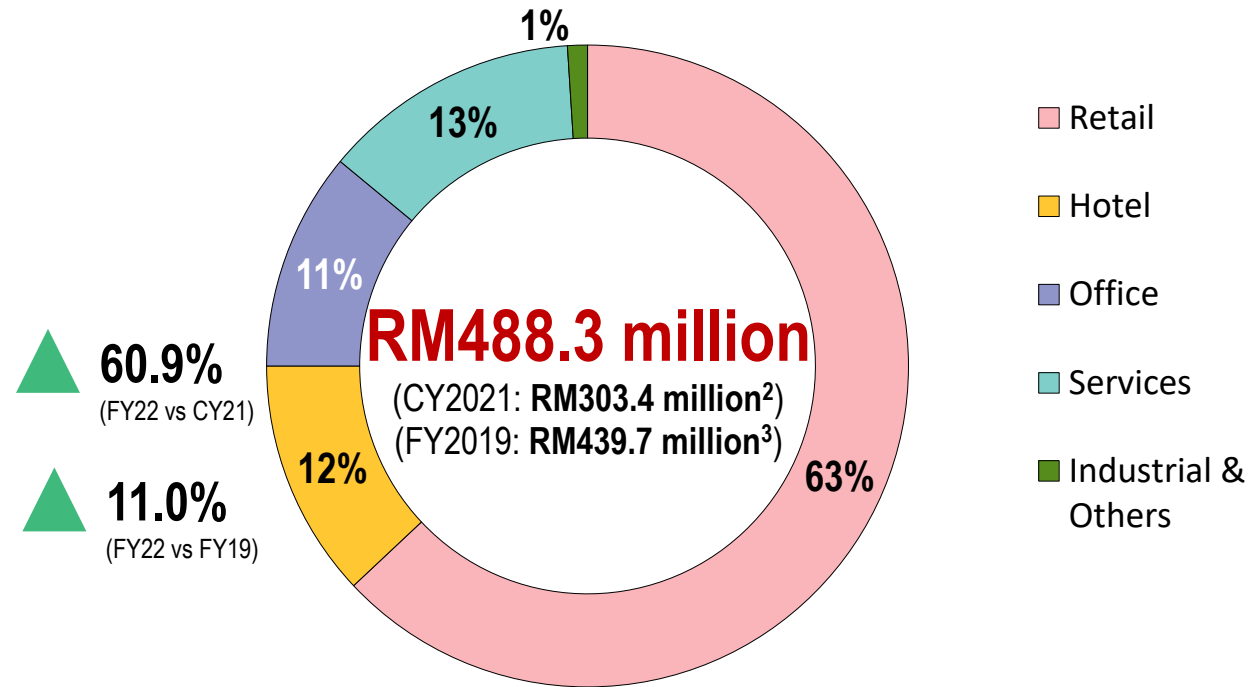
TRANSCEND 2027

Prospects

## Revenue Contribution by Segment <sup>1</sup>



## NPI Contribution by Segment <sup>1</sup>



The portfolio performance of Sunway REIT has outperformed CY2021 and FY2019 (pre-pandemic) levels, predominantly supported by the **encouraging recovery from the Retail and Hotel segments**, **stable income contribution from the Office segment**, as well as the **positive rental reversion in accordance with the master lease agreements from the Services and Industrial & Others segments**.

<sup>1</sup> Excluded unrealised income in relation to unbilled lease income receivable pursuant to MFRS16 Lease.

<sup>2</sup> Results for 12-month financial period from January 2021 to December 2021 (CY2021) have been included for comparison with FY2022.

<sup>3</sup> Results for July 2018 to June 2019 (FY2019) have been included for comparison with FY2022, to illustrate the performance against pre-pandemic results.

# Segmental Performance – Retail Segment

Sunway REIT Overview

Financial Highlights

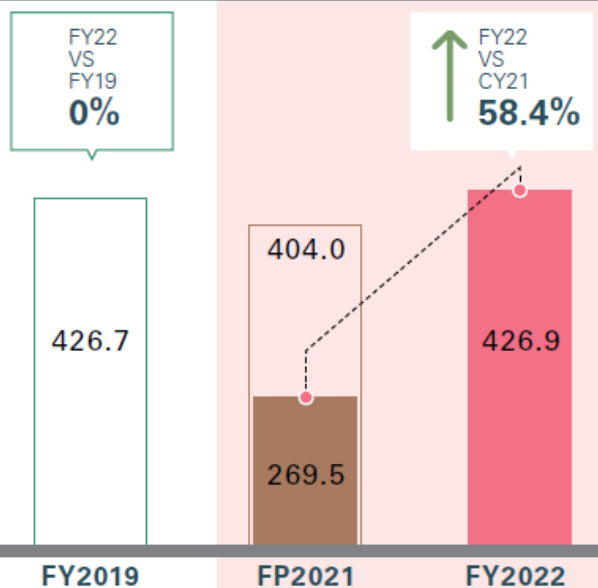
Value Creation

TRANSCEND 2027

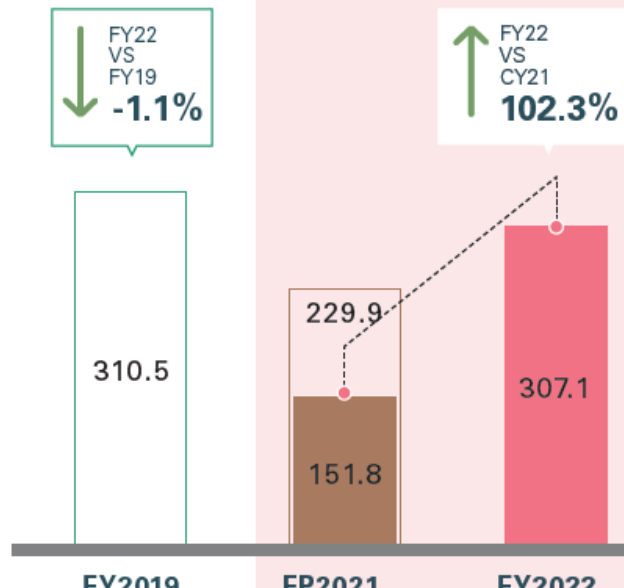
Prospects

## Retail Segment

### Revenue (RM'million)



### NPI (RM'million)



□ FY2019 (Jul'18 - Jun'19)    ■ CY2021 (Jan'21 - Dec'21)  
□ FP2021 (Jul'20 - Dec'21)    ■ FY2022 (Jan'22 - Dec'22)

- The revenue and NPI for Retail segment **rebounded in FY2022** compared to CY2021, as Malaysia has transitioned to the endemic phase in April 2022; however, the performance fell slightly short of the FY2019 record. NPI improvement was higher due to the reversal of rebates and doubtful debt provisions as retailers and tenants recorded **improvement in sales and collection**.
- The Retail portfolio has maintained a **robust average occupancy rate of 96%** (FP2021: 97%, FY2020: 95%, FY2019: 96%), which has not been considerably impacted comparing to pandemic and pre-pandemic levels due to **proactive efforts by the Management** in rendering rental support and other assistance during the toughest of times.
- A notable achievement was that our **Sunway Carnival Mall (New wing or SC 2)** recorded an **occupancy rate of 97.7% as at 31 December 2022** in an underserved market. Its opening at the end of June 2022 was a roaring success based on car count and footfall registered. Sales continued to be strong until the end of the year for our mainland Penang mall.

# Segmental Performance – Hotel Segment

Sunway REIT Overview

Financial Highlights

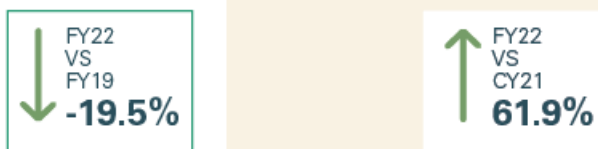
Value Creation

TRANSCEND 2027

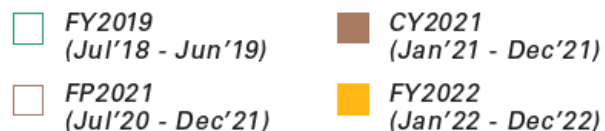
Prospects

## Hotel Segment

### Revenue (RM'million)



### NPI (RM'million)



- The Hotel segment demonstrated encouraging growth that was supported by **improved average occupancy rate of 54%** in FY2022 compared to 32% in FP2021, however, it still fall slightly short of the pre-pandemic level of 69% in FY2019.
- The performance of our flagship hotel, **Sunway Resort Hotel**, was encouraging following its phased reopening in May 2022. It opened a total room inventory of 315 rooms out of 460 total rooms by December 2022. Another milestone achieved was that the **average daily rate for FY2022 surpassed the pre-pandemic era** in conjunction with the completion of Sunway Resort Hotel refurbishment.
- Overall, the positive recovery in the Hotel segment was predominantly contributed by the **increased demand for Meetings, Incentives, Conferences and Exhibitions (MICE) activities**, alongside the **arrival of domestic and international tourists**, attributed to the relaxation of domestic travel restrictions and gradual reopening of international borders.

# Segmental Performance – Office Segment

Sunway REIT Overview

Financial Highlights

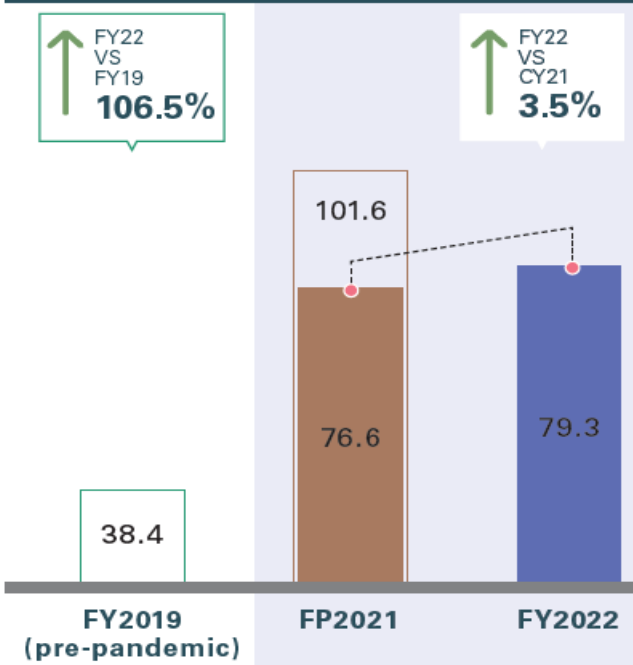
Value Creation

TRANSCEND 2027

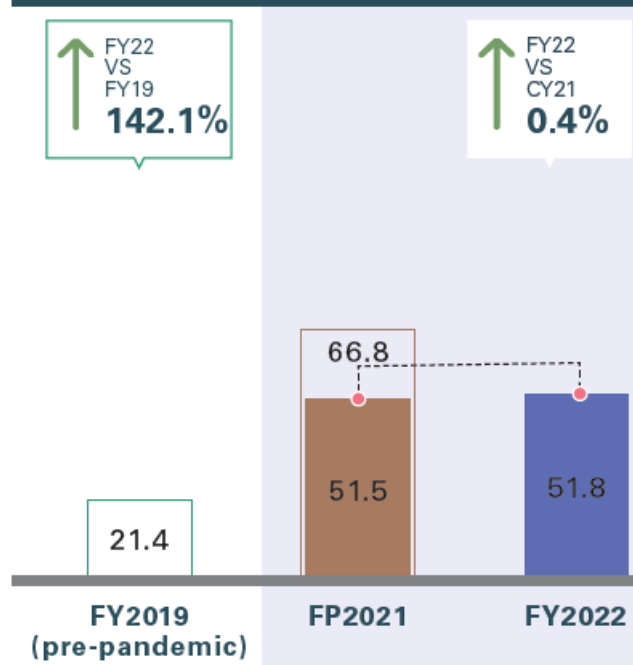
Prospects

## Office Segment

### Revenue (RM'million)



### NPI (RM'million)



□ FY2019 (Jul'18 - Jun'19)    ■ CY2021 (Jan'21 - Dec'21)  
□ FP2021 (Jul'20 - Dec'21)    ■ FY2022 (Jan'22 - Dec'22)

- The Office segment remained resilient with a **largely stable average occupancy rate of 83% in FY2022** (FP2021: 84%, FY2020: 78%, FY2019: 72%), on the back that our assets are located within **satellite population catchments** supported by **transit-oriented developments, integrated developments and decentralisation trend**.
- The Office segment in the post-pandemic era remains relevant despite the shift by some corporates to a hybrid working mode. It is evident that our office tenants **continued to renew their leases**, contributing to **positive rental reversion** as evident from the increase in revenue of 3.5% in FY2022 compared to CY2021.

# Segmental Performance – Services and Industrial & Others Segments

Sunway REIT Overview

Financial Highlights

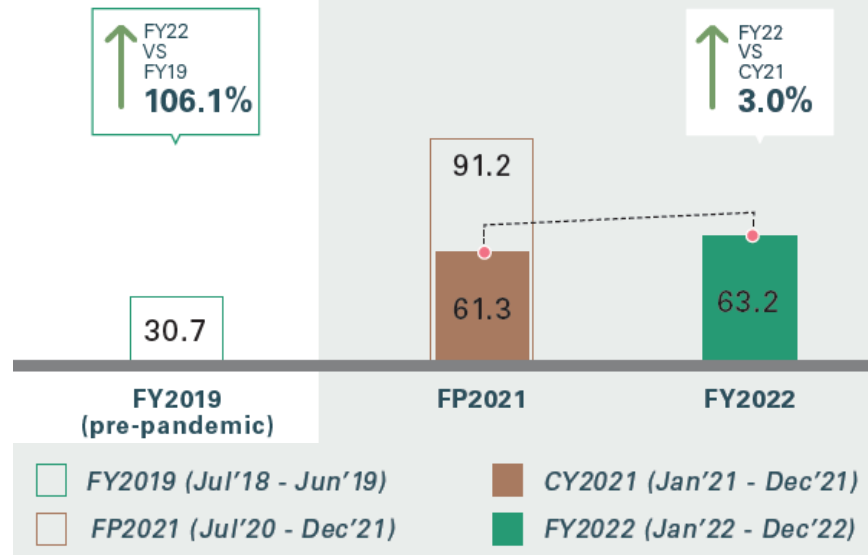
Value Creation

TRANSCEND 2027

Prospects

## Services Segment

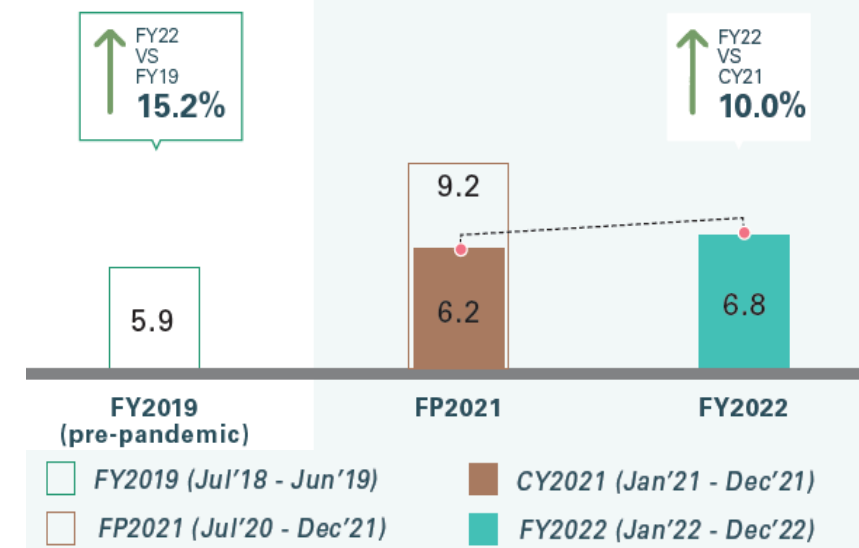
### Revenue and NPI (RM' million)



- The Services segment registered revenue and net property income of **RM63.2 million in FY2022**.
- Positive rental reversions** in accordance with the master lease agreements.

## Industrial & Others Segment

### Revenue and NPI (RM' million)



- The Industrial & Services segment recorded a stable rental in accordance with the lease agreement and contributed **RM6.8 million to revenue and net property income** in FY2022.



# Strong Commitment To Corporate Governance and Sustainability

Sunway REIT Overview

Financial Highlights

Value Creation

TRANSCEND 2027

Prospects

## Key Sustainability Highlights

Remained a constituent of **FTSE4Good Bursa Malaysia Index** for 7<sup>th</sup> consecutive year

**4 Green-certified buildings**

Established **Universal Accessibility Policy**

## Net Zero by 2050



Established internal carbon pricing framework at **RM15 per tonne** of CO<sub>2</sub>e emitted



Implemented **Green Lease Partnership Programme**



Disclosed climate report which is aligned with the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**



Expanded **Scope 3 GHG emissions**



Established **ESG due diligence** for new land acquisition



**3,008 MWh** of renewable energy generated



Appointed Jeffery Sachs Center on Sustainable Development (JSC) to quantify to climate **Value at Risk (VaR)**



## Awards and accolades received in FY2022



MSWG-ASEAN Corporate Governance Award 2021 **Industry Excellence Award for CG Disclosure** – Real Estate Investment Trust

MSWG-ASEAN Corporate Governance Award 2021 **Excellence Award for CG Disclosure** (4th placing overall)

National Annual Corporate Report Awards (NACRA) 2022 – **Excellence Award for Companies with RM2 Billion to RM10 Billion in Market Capitalisation (Silver)**

# TRANSCEND 2027 as the Blueprint for Transformation

Sunway REIT Overview

Financial Highlights

Value Creation

TRANSCEND 2027

Prospects

## TARGETS FOR TRANSCEND 2027



Become the **Top 2 M-REIT** in Malaysia



Grow the asset value **to RM14 - 15 billion**



Expand Services and Industrial & Others segments  
**20% - 30% of property value**

PROGRESS IN 2022



**3<sup>rd</sup> largest M-REIT**

(measured by market capitalisation)



Property Value

**RM9.1 billion**

(based on valuation as at 31 December 2022)



Asset Portfolio Attribution

**13% in Services, Industrial  
& Others segments**

(based on valuation as at 31 December 2022)



Unlock Value via proposed disposal of  
Sunway Medical Centre (Tower A & B)

**Disposal Gain:  
RM110 million**

(Disposal gain = disposal price – investment cost)

# TRANSCEND 2027 as the Blueprint for Transformation

Sunway REIT Overview

Financial Highlights

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TRANSCEND 2027

Prospects

Translating our growth strategies into outcomes, we have undertaken the following action plans in FY2022:

1

**Trailblazing  
Urban  
Rejuvenation at  
Sunway Pier**



2

**Sunway  
Resort Hotel –  
Reintroducing  
a Prominent  
Landmark in  
Klang Valley**



3

**Sunway  
Carnival Mall –  
Re-establishing  
Market Dominance  
in Mainland  
Penang**



4

**Growing New  
and Emerging  
Segments with  
Sunway REIT  
Industrial –  
Petaling Jaya 1**



5

**Asset Recycling  
via Proposed  
Divestment  
of Sunway  
Medical Centre  
(Tower A & B)**





# TRANSCEND 2027 as the Blueprint for Transformation

Sunway REIT Overview

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TRANSCEND 2027

Prospects

On 16 March 2023, the Manager announced the **proposed acquisition of six hypermarkets** that are strategically located in Klang Valley and Johor for a total cash consideration of RM520 million.

## Six hypermarkets in Klang Valley and Johor



*Kinrara Property*



*Putra Heights Property*



*USJ Property*



*Klang Property*



*Ulu Kelang Property*



*Plentong Property*



# Performance Outlook – Fund Level

Sunway REIT Overview

Financial Highlights

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TRANSCEND 2027

Prospects

## Acquisitions / Asset Enhancement Initiatives / Property Development Activities

- **Continue exploring yield-accretive acquisitions** to generate sustainable new sources of income & strategic initiatives to deliver **long-term value to unitholders**
- Proposed acquisition of **six hypermarket assets** in Klang Valley and Johor on 16 March 2023

## Capital Management

- **Cost discipline** to improve overall business margins
- **Proactive capital management strategies** to manage interest rate movements

## Financial Performance

- **Cautiously optimistic outlook for FY2023**, underpinned by the continued growth momentum for the Retail and Hotel segments on the back of full reopening of all economic sectors and reopening of international borders
- **New income contribution** from the proposed acquisition

## Distribution payout

- Sunway REIT changed the distribution policy to 95% in 2Q2022 and subsequently, **100% in 4Q2022.**

# Performance Outlook – Segmental Level

Sunway REIT Overview

Financial Highlights

Value Creation

TRANSCEND 2027

Prospects

## Retail Segment

- Outlook for the Retail segment remains positive, supported by **healthy economic growth, sustained domestic consumption, a gradual pickup in international travelling and new income contribution from Sunway Carnival Mall (New wing or SC 2).**

## Hotel Segment

- Cautiously optimistic outlook in view of the **lifting of COVID-19 restrictions and pent-up demand** which are expected to provide a boost to MICE business.
- Continue to focus on **value-added offerings** for domestic and international travellers, as well as growing markets.

## Office Segment

- Outlook for the Office segment **remains stable**, despite the expectation of experiencing surplus with incoming office supply.
- Continue to identify and implement sustainability initiatives for the office properties to **achieve operational efficiency.**

## Services and Industrial & Others Segments

- Stable outlook supported by the **positive rental reversions** in accordance with the master lease agreements.

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# Thank You

For further information on this presentation kit, please kindly contact:

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