

SUNWAY®
REIT

Sunway REIT 9th Annual General Meeting
7 April 2022



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

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More than 75% of Sunway REIT's assets are strategically located within Klang Valley

1. Penang Island

- Sunway Hotel Georgetown

2. Penang Mainland

- Sunway Hotel Seberang Jaya
- Sunway Carnival Shopping Mall

3. Ipoh

- SunCity Ipoh Hypermarket

4. Kuala Lumpur

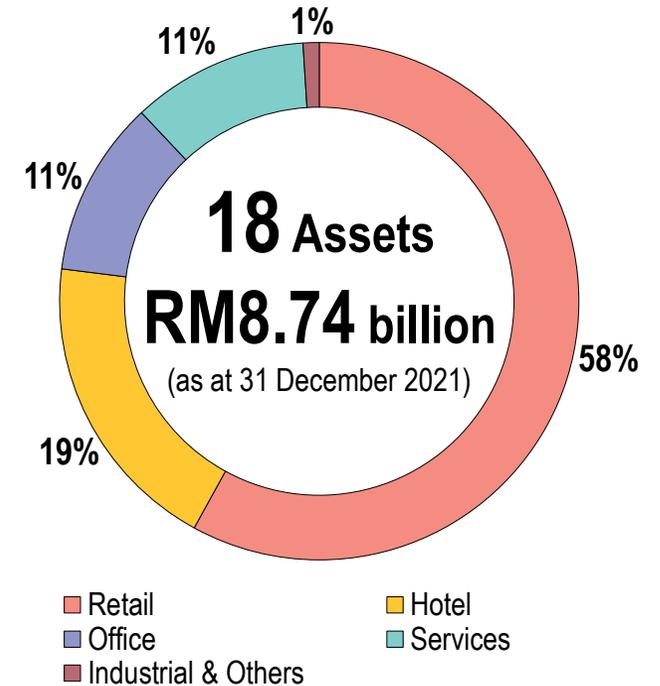
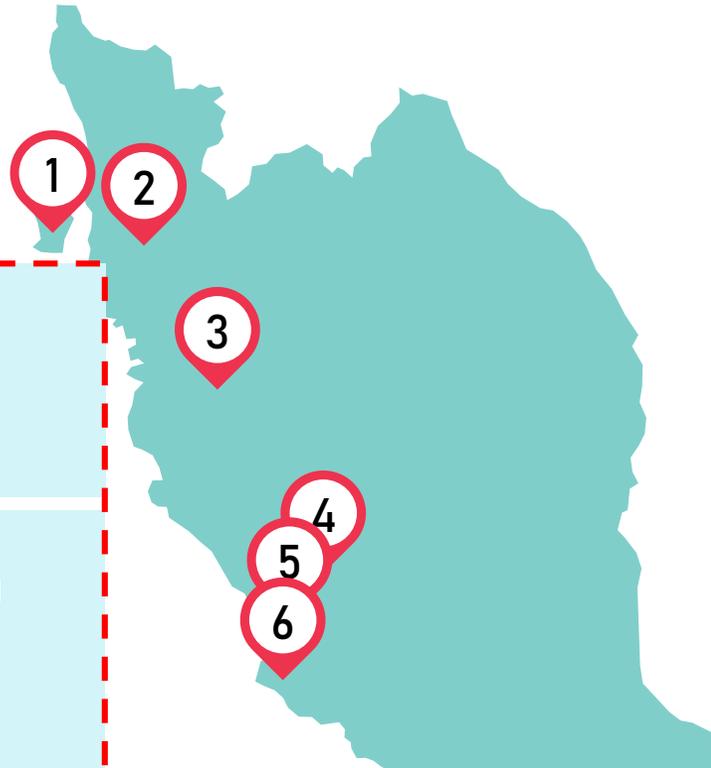
- Sunway Putra Mall
- Sunway Putra Hotel
- Sunway Putra Tower
- Sunway Tower

5. Sunway City

- Sunway Pyramid Shopping Mall
- Sunway Resort Hotel
- Sunway Pyramid Hotel
- Sunway Clio Property
- Menara Sunway
- The Pinnacle Sunway
- Sunway Medical Centre (Tower A & B)
- Sunway university & college Campus

6. Shah Alam

- Wisma Sunway
- Sunway REIT Industrial – Shah Alam 1



Property Value at Initial Public Offering (8 July 2010)

RM3.46 billion

Total Acquisition since Initial Public Offering

RM2.44 billion (as at 31 December 2021)

Net Fair Value Gain, Asset Enhancement Initiatives & Property Development activities since Initial Public Offering

RM2.84 Billion

(as at 31 December 2021)

Sunway REIT Key Highlights

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FP2021 KEY HIGHLIGHTS

PROPERTY VALUE

RM8.74 billion

DISTRIBUTION PER UNIT

6.10 sen

GROSS FLOOR AREA

16.9 million sq.ft.

MARKET CAPITALISATION

RM4.8 billion

GROSS REVENUE

RM676 million

NUMBER OF ASSETS

18

NET PROPERTY INCOME

RM457 million

DISTRIBUTION YIELD

2.9%

CAPITAL MANAGEMENT HIGHLIGHTS

- 01** Strategies focused on **optimising gearing** level and maintaining a **balanced fixed-to-floating** ratio, with periodic financial rate reviews
- 02** Substantial **interest savings** arising from lower average cost of debt
- 03** Managing refinancing risk through **diversification** of sources of debt funding
- 04** Integration of **sustainable** considerations into capital management strategy

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.

Portfolio At A Glance (FP2021)

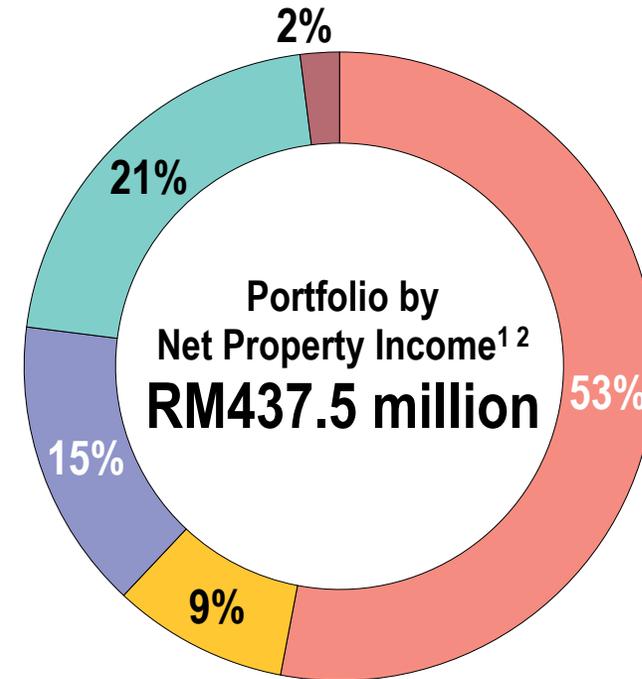
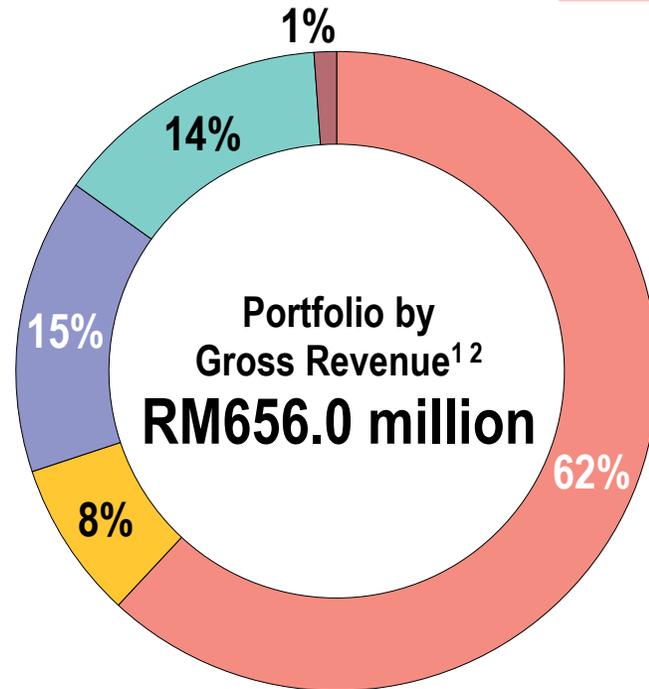
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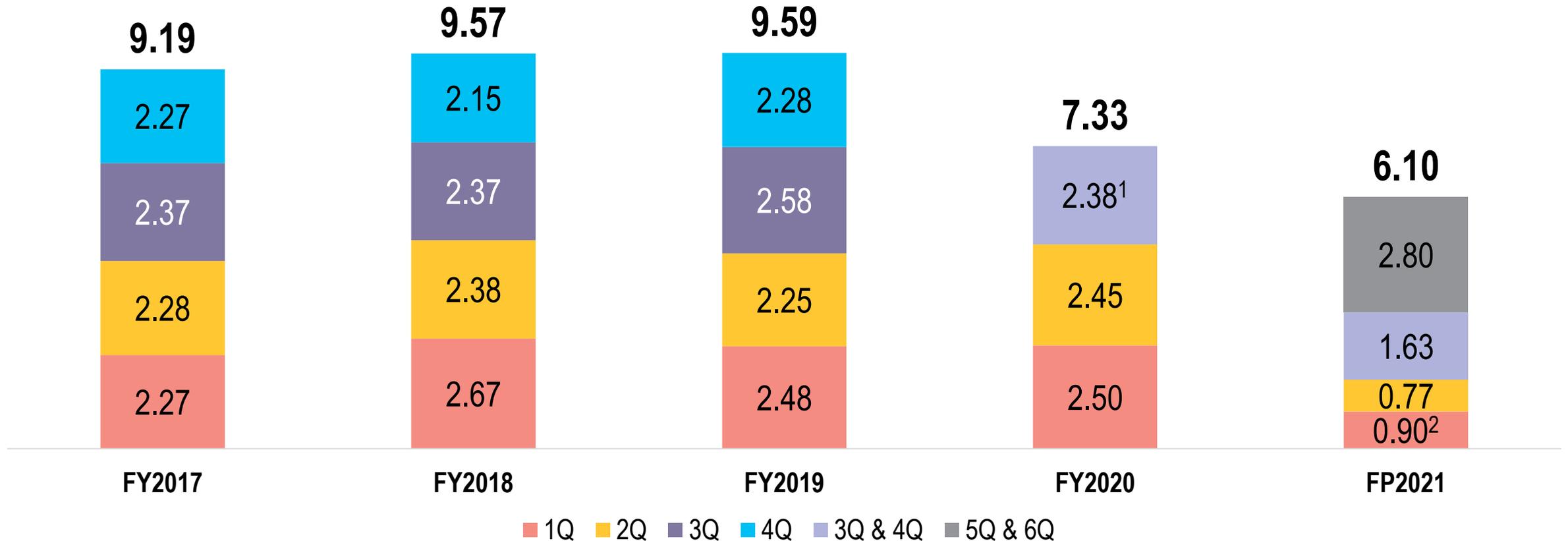
■ Retail ■ Hotel ■ Office ■ Services ■ Industrial & Others

¹ Constitutes 18-month financial performance from 1 July 2020 to 31 December 2021.

² Excluded unrealised income in relation to unbilled lease income receivable pursuant to MFRS16 Lease

- **Retail and Hotel segments** continued to be adversely impacted by the **COVID-19 pandemic** in FP2021.
- The performance of Sunway REIT was **cushioned by stable income contributions** from the **Office, Services and Industrial & Others segments**, which recorded an **increase in revenue and net property income**, mainly due to **new income contribution from The Pinnacle Sunway** and **positive rental reversion in accordance with the Master Lease Agreements** from the **Services and Industrial & Others segments**.

Historical Distribution Per Unit (sen)



Note:

¹ The income distribution frequency has been changed from quarterly to semi-annual basis with effect from 3Q FY2020.

² Declared an advance income distribution to existing unitholders prior to the issuance of new units pursuant to the private placement exercise.

Segmental Performance (FP2021) – Retail Segment

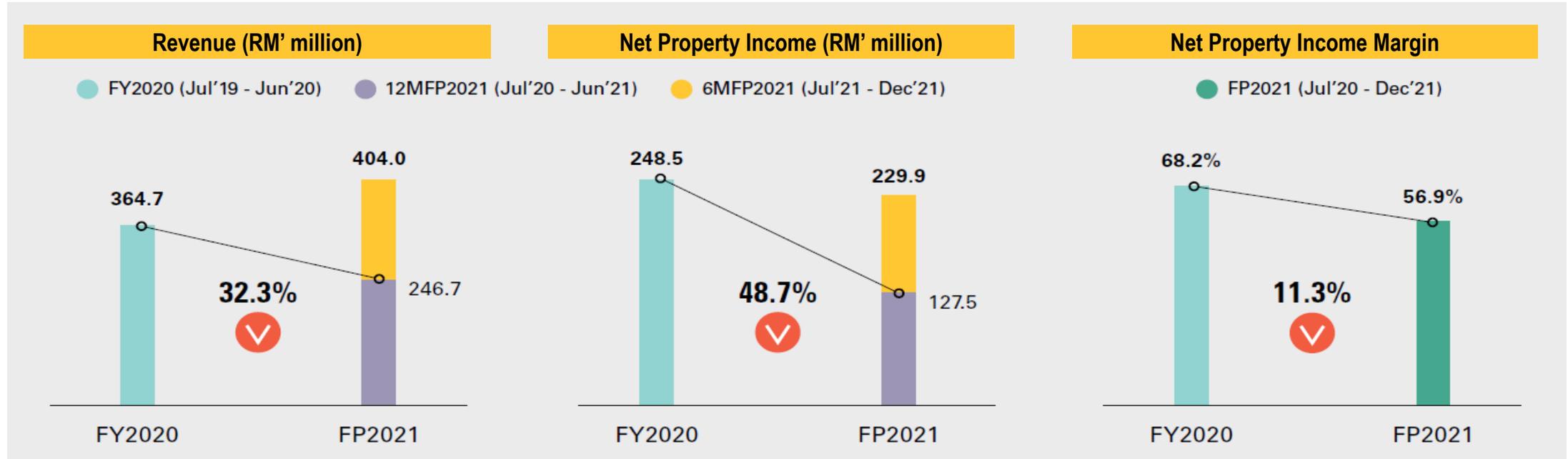
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- Mainly due to **lower revenue on the back of softer rental income**. Despite that, the **average occupancy rate** of the Retail segment for FP2021 **improved to 97%** (FY2020: 95%).
- **Encouraging recovery** experienced in 1Q FP2021 (July 2020 – September 2020). However, **implementation of targeted movement restriction measures** between **October 2020 – October 2021** has resulted in **lower retail footfall and retail sales**.
- The Retail segment recorded a **strong operating performance** in 6Q FP2021 (October 2021 – December 2021), underpinned by improvement in retail footfall and retail sales which have **recovered to pre-pandemic levels towards December 2021**.

Segmental Performance (FP2021) – Hotel Segment

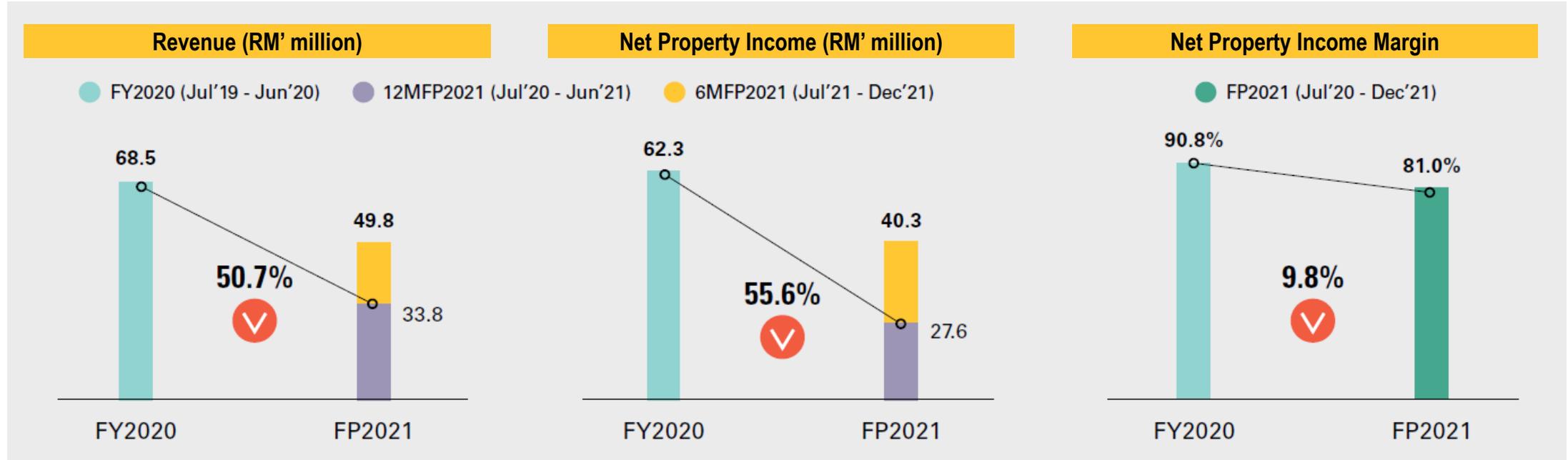
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- The Manager took the opportunity of the lull period to **transform and reposition Sunway Resort Hotel**, slated to be **completed in phases from 1H FY2022**.
- The Hotel Segment registered an **average occupancy rate of 32%*** for FP2021 (FY2020: 53%), on the back of the **closure of international borders, limited operating capacity, business travel and MICE activities**.
- Hotel master leases for **Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Putra Hotel and Sunway Hotel Seberang Jaya** were renewed during the financial period.

*excluding Sunway Resort Hotel which was closed for refurbishment.

Segmental Performance (FP2021) – Office Segment

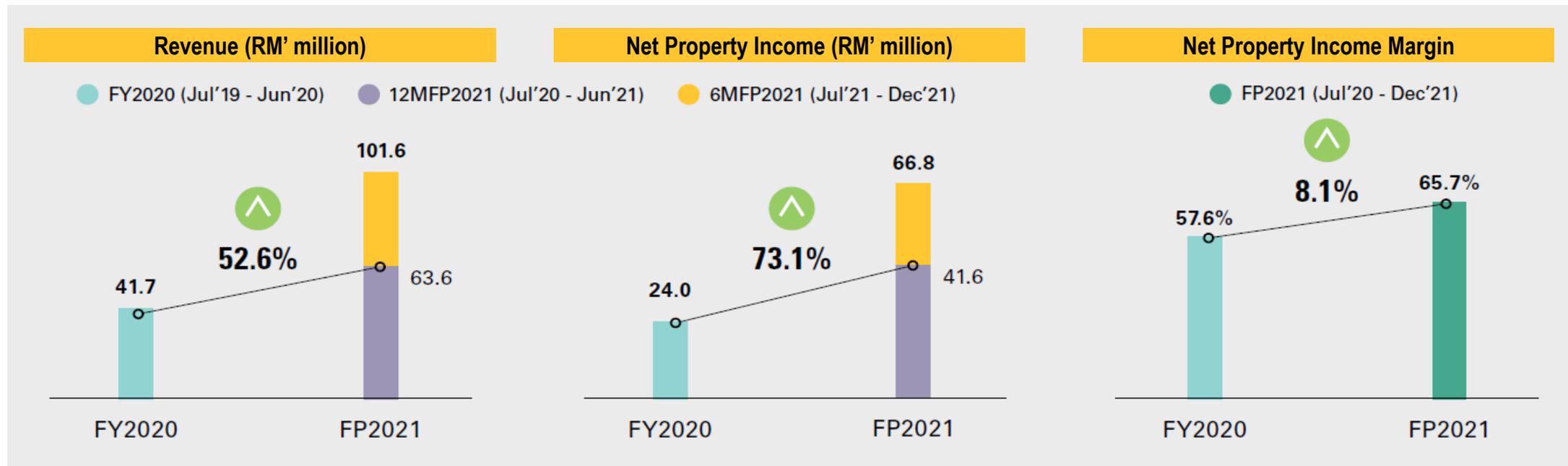
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- Office segment remained **resilient** backed by largely **stable average occupancy rate** as assets are located within **satellite population catchments** supported by **transit-oriented developments, integrated developments and decentralisation trend**.
- Revenue and net property income for the segment were **boosted by the new income contribution from The Pinnacle Sunway**, which was acquired on 20 November 2020.
- The average occupancy rate of the **Office segment improved to 84% (FY2020: 78%)** with the inclusion of **The Pinnacle Sunway**.

Segmental Performance (FP2021) – Services and Industrial & Others Segments

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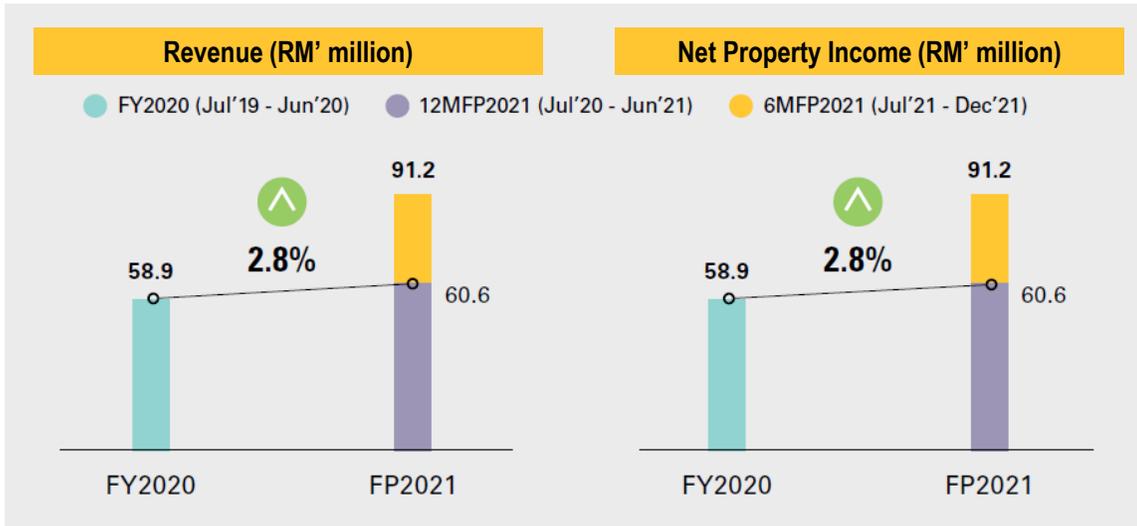
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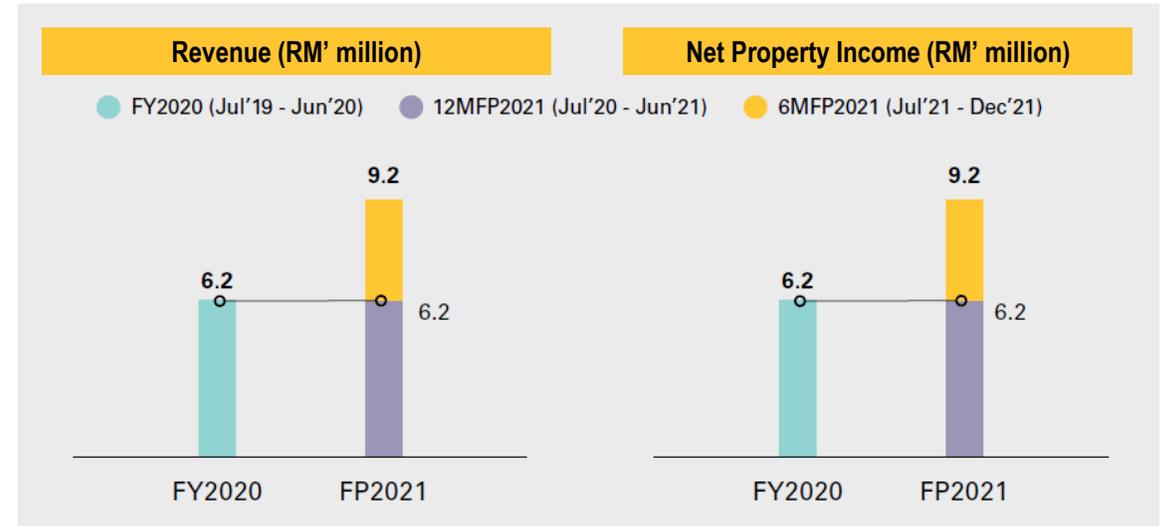
Segmental Outlook

Services



- The Services segment registered revenue and net property income of **RM91.2 million for FP2021**.
- **Positive rental reversions** in accordance with the master lease agreements.

Industrial & Others



- The Industrial & Services segment recorded a stable rental in accordance with the lease agreement and contributed **RM9.2 million to revenue and net property income for FP2021**.

Property Development Activities

1. Expansion of Sunway Carnival Shopping Mall (Phase 1)



Phase 1	Description
Estimated Total Cost	RM436 million
Target Completion	2Q FY2022
Targeted Green Building Certification	<ul style="list-style-type: none"> GreenRE - Gold GreenMark - Gold
Net Lettable Area	Approximately 350,000 sq.ft. of new additional space

2. Refurbishment of Sunway Resort Hotel



Phase 1 & 2	Description
Estimated Total Cost	RM260 million
Target Completion	Phase 1: 1H FY2022 (<i>above 75% completion as at 31 December 2021</i>) Phase 2: 2H FY2022
Targeted Green Building Certification	GreenRE - Gold
Number of Rooms	460 rooms and 3 villas

Asset Enhancement Initiatives

1. Refurbishment and Extension of Sunway Resort Hotel Annexe and The Link @ Sunway Pyramid



	Description
Estimated Total Cost	RM24 million
Net Lettable Area	Approximately 46,000 sq.ft. of new additional space
Completion Status	Completed

2. Conversion of Sunway Resort Hotel Rooftop to Commercial Office Space



	Description
Estimated Total Cost	RM20 million
Net Lettable Area	Approximately 30,000 sq.ft. of new additional space
Completion Status	Completed

Strong Commitment To Corporate Governance and Sustainability

Leading Sunway REIT 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 United Nations Sustainable Development Goals**.

Stronger Governance



- **Sustainability Committee** comprising **Board Members** supported by a **Sustainability Officer** and a **Sustainability Working Group**.
- Charted **2030 Sustainability Goals and Targets**.

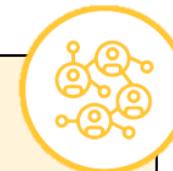
Goal 1: Transforming our portfolios to low-carbon assets	Goal 2: Advocating a responsible value chain
Goal 3: Investing in community inclusivity	Goal 4: Respecting ethical principles

Better Climate Action



- Commitment **Net Zero Carbon Emissions** by **2050 target**.
- Official supporter of the **Task Force on Climate-Related Financial Disclosures (TCFD)**.
- Appointed the **Jeffrey Sachs Center on Sustainable Development** to conduct a **Value-at-Risk (VaR) assessment**.
- **The First REIT in Malaysia** to establish a **Sustainability-Linked Bond**.

Bigger Social Impact

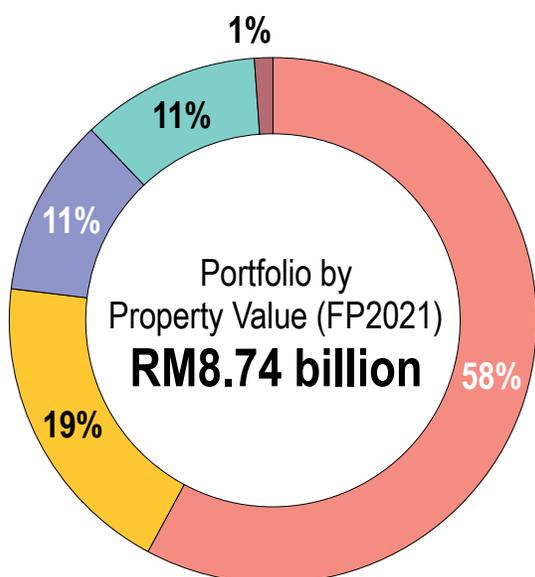


- Established a **Sustainability Policy** and a **Donations, Sponsorships and Corporate Responsibility Policy**.
- Formed an **Occupational, Health, Safety and Environment (OHSE) Committee** at the business segment level.
- Continue **reaching out to the underprivileged and the marginalised** enrich and empower them through **various programmes and initiatives**.
- Contribution to combating the **COVID-19 pandemic** by **offering rental-free spaces as vaccination centres as well as human resources**.

*For more information on the sustainability efforts and initiatives, please refer to Sunway REIT's Integrated Annual Report 2021 available on the website: <https://www.sunwayreit.com/investor-relations>

Sunway REIT's strategic roadmap, **TRANSCEND 2025**, was introduced in 2018. Due to the COVID-19 pandemic, it is timely to review TRANSCEND 2025 given the ongoing impact and shift in megatrends of the real estate markets.

The Manager, with in-depth research and analysis of real estate trends and strategy for the future, would like to present **TRANSCEND 2027** with new targets and strategic initiatives to become a balanced risk, diversified REIT.



■ Retail ■ Hotel ■ Office ■ Services ■ Industrial & Others



Target Asset value for TRANSCEND 2027
RM14 - 15 billion



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



Diversify into foreign real estate market
10% - 20% of property value

Fund Level

Acquisition / Asset Enhancement Initiatives / Property Development Activities

- **Continue exploring yield-accretive acquisitions** to generate sustainable new sources of income.
- **Improve property value** by improving asset performance.
- **Strategic initiatives** to generate **long-term value for unitholders**.

Capital Management

- **Cost discipline** to improve overall business margins.
- Close **monitoring of liquidity risk** and **cash conservation strategies**.
- **Capital management strategies** to manage interest rate movements.

Financial Performance

- **Gradual recovery in FY2022** on the back of **full reopening of all economic sectors**, **healthy economic growth** and **positive progress in booster vaccination rate**.
- Transformation of **Sunway Resort Hotel** and expansion of **Sunway Carnival Shopping Mall** are expected to **contribute positively to financial performance**.

Distribution payout

- Maintain at least **90% distribution payout**.

Market and Segmental Outlook

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Retail Segment

Adoption of new trends

- Office workers still **value the physical office**.
- Office employees have gradually **returned to their workplaces** with **hybrid working arrangements**.

New tenancy strategies

- **Digital transformation strategy** with online presence.
- **Open space concept** with access to **open air, ventilated spaces** and **less congested retail spaces**.

Future of retail

- **Pent-up demand** expected in the near-term.
- Longer-term recovery dependent on the **reopening of borders** and **resumption of international trade and travel**.

Prospects

- Sizeable **malls in vibrant townships with big population catchments** and **established brand recognition** will continue to **remain resilient**.
- **Opening of Sunway Carnival Shopping Mall's new wing** in 2Q FY2022 is expected to **contribute positively** to the financial performance of Sunway REIT.

Hotel Segment

Defensive Business Strategies

- Focus on **business sustainability**.
- Recovery to be gradual with further **easing of domestic and international travel restrictions**.

Pent-up demand

- Benefit from **domestic leisure travel** and **staycations in the near-term**.
- **Corporate bookings** and **MICE** is expected to gain traction in line with **economic recovery and reopening of international borders**.

Long-term trend

Dependent on the **normalisation of international trade and travel** and **reinstatement of full operating capacity**.

Prospects

- Manager remains **cautious** despite the reopening of the international border while continuing to **closely monitor and adapt based on the evolving situation**.
- **Opening of Sunway Resort Hotel** in phases from 1H FY2022 is expected to **contribute positively** to the financial performance of Sunway REIT.

Market and Segmental Outlook

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Office Segment

Physical office will still be relevant

- Office workers still **value the physical office**.
- Office employees have gradually **returned to their workplaces** with **hybrid working arrangements**.

Post-pandemic work arrangement

- Organisations are rethinking their **standard operating modes**.
- **Working from home**, or split-team arrangements will be the new normal.

Future of office

- Robust demand for offices in **strategic locations** such as **transit-oriented developments and integrated developments**.
- Clear desire for the workplace to be elevated for **safety, cleanliness and amenities**.

Prospects

Overall, the **Office segment** within Sunway REIT's asset portfolio is expected to **remain stable** in FY2022.

Services and Industrial & Others Segment

Healthcare

Healthcare is an **essential and emerging asset class**:

- **Aging population**, increased demand for **high quality private healthcare**, **increased health awareness**, potential recovery in **medical tourism**.

Education

Education is supported by:

- Increased demand for **high quality education**, focus on **knowledge economy**, and potential **recovery in international student enrolment** with reopening of borders.

Industrial

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

- **High-value factories and manufacturing facilities**.
- **Warehouses and logistics centres** accelerated by adoption of e-commerce and globalisation of supply chains.

Prospects

In line with **TRANSCEND 2027**, 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.

Thank You

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

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