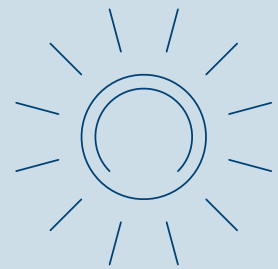


CHANGE MAKERS, SUSTAINABLE LEADERS.

Integrated Annual Report 2023





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IAR

INTEGRATED ANNUAL REPORT 2023

CHANGE MAKERS, SUSTAINABLE LEADERS.

Sunway REIT's commitment to making a positive impact on society and the environment is aptly captured in this year's theme, "Change Makers, Sustainable Leaders". Sunway REIT highlights achievements made in the six capitals - financial, portfolio, intellectual, human, social & relationship, and natural - which befittingly demonstrates how Sunway REIT has become leaders and change makers in this industry.

By effectively managing resources and investments, and continuously investing in research and development, by empowering its workforce to make a difference and adopting sustainable practices that minimise environmental footprint - Sunway REIT demonstrates its commitment to protecting the planet, to sustainability and to the communities as a whole. Trusting in its ability to drive positive change is what sets Sunway REIT apart and strengthens its positions as change makers and sustainable leaders.



SR

SUSTAINABILITY REPORT 2023

TRANSFORMING REAL ESTATE & CREATING SUSTAINABLE VALUE.



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

Navigation icons

Sunway REIT's Portfolio



Retail



Hotel



Office



Services



Industrial & Others

Six Capitals



Financial Capital



Portfolio Capital



Intellectual Capital



Human Capital



Social & Relationship Capital



Natural Capital

Cross References

➡ Connect to more information in
Integrated Annual Report 2023 (IAR)

➡ Connect to more information in
Sustainability Report 2023 (SR)

OVERVIEW

About This Report

Investment Case

Corporate Profile

Salient Features

11th

**Annual General Meeting
("AGM")
Sunway REIT**

**25 April 2024
Thursday
3:00 p.m.**

**AGM through livestreaming and
online remote voting from the
broadcast venue at:**

Penthouse, Level 20,
Menara Sunway,
Jalan Lagoon Timur,
Bandar Sunway,
47500 Subang Jaya,
Selangor Darul Ehsan,
Malaysia.



ABOUT THIS REPORT

This is Sunway REIT's Integrated Annual Report ("IAR") for the financial year 2023. This report outlines Sunway REIT's progress towards achieving its strategic objectives and emphasises its endeavors to generate value for the stakeholders. It illustrates how Sunway REIT's value creation journey are driven by the six capitals to achieve sustainable outcomes that go beyond financial performance. Sunway REIT has adopted an integrated reporting approach to promote integrated thinking and provide its stakeholders with a more comprehensive, balanced and detailed overview of the business operations and strategies. In line with integrated reporting process, this report communicates Sunway REIT's approach and progress in delivering sustainable value, managing risks and capitalising on emerging opportunities, with the aim of optimising the value creation process.

Scope And Boundaries

This report presents information of Sunway REIT's financial and non-financial performance from 1 January 2023 to 31 December 2023 (FY2023) unless stated otherwise, for Sunway REIT's properties and operations, which include operations where it has full control, as well as its subsidiaries.

Reporting Frameworks and Best Practices

- Securities Commission Guidelines on Listed Real Estate Investment Trusts ("Listed REIT Guidelines")
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Listing Requirements")
- Capital Markets and Services Act 2007
- Companies Act 2016
- Bursa Malaysia Corporate Governance Guide (4th edition)
- Securities Commission Licensing Handbook
- Malaysian Code on Corporate Governance 2021 ("MCCG")
- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001
- Malaysian Financial Reporting Standards ("MFRS")
- IFRS Accounting Standards
- IFRS Foundation's International Integrated Reporting <IR> Framework
- United Nations Sustainable Development Goals ("UN SDGs")

Board Statement Of Responsibility

The Board of Directors of the Manager of Sunway REIT acknowledges its responsibility to ensure the integrity of the Integrated Annual Report for the financial year ended 31 December 2023 and is of the opinion that it has been prepared in accordance with the IFRS Foundation's International <IR> Framework and other disclosure requirements.

Feedback

For further information and feedback, please contact:

Ms Crystal Teh Lay Ling
Head of Investor Relations

Sunway REIT Management Sdn Bhd

Level 15, Menara Sunway,
Jalan Lagoon Timur, Bandar Sunway,
47500 Subang Jaya,
Selangor Darul Ehsan,
Malaysia.

Tel : +603 5639 9645

Email : irsunreit@sunway.com.my

INVESTMENT CASE

1 One of the leading diversified REITs in Malaysia

Market Capitalisation

RM5.3 billion



Property Value

RM9.0 billion



No. of Assets

19

Total GFA

> 18 million sq.ft.

Asset Portfolio Attribution (by property value)



Retail

60%



Hotel

21%



Office

11%



Services

6%



Industrial & Others

2%

2 Growth strategy

Guided by

**TRANSCEND
2027 Roadmap**

Property Value at IPO¹

RM3.5 billion

Total Acquisition since IPO¹

RM2.5 billion

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

RM3.0 billion

¹ Including incidental costs on acquisition, i.e., acquisition fee, legal fee and valuation fee

Proposed acquisitions in FY2023

6 Hypermarkets
strategically located in
Klang Valley and Johor

1 Industrial Asset
strategically located
in Prai, Penang

INVESTMENT CASE

3 Robust financials

Revenue

RM716 million

NPI

RM527 million

Cost of Debt

3.80%

DPU

9.30 sen

Distribution Yield

6.0%

Total Return

11.5%

Premium-to-NAV

5.1%

Property Yield

5.7%

5 Corporate governance

43% female directors
on board

Corporate Credit Rating AA2
(Rated by RAM Rating Services Berhad)

 Attained **5 awards and recognitions**
in FY2023

4 Sustainability agenda

 Pioneering effort in advancing sustainable finance
in M-REITs industry:

 Executed **RM200** million sustainability-linked
cross-currency swap in April 2023

 Converted **97.5%** of borrowings
into sustainability-linked loans in FY2023

MSCI rating of A (Improved from BB)

FTSE4Good Bursa Malaysia
ESG Score 3.6
(Top 22% amongst the companies rated)

GRESB 3-star rating
and awarded an "A" for public disclosure

5 Green buildings

- **GreenRE Platinum certification**
for Sunway Resort Hotel
- **GreenRE Gold certification**
for Sunway Putra Mall


 The 8th Annual REITS Asia Pacific Best of The Breeds REITS
Awards 2023

- **Platinum Award for the Best Diversified REITs in Malaysia**

Australasian Reporting Awards 2023

- **Gold Award for Distinguished Achievements in Reporting**

Australasian Reporting Awards 2023

- **Silver Award for Distinguished Achievements in Sustainability Reporting**

The Edge ESG Awards 2023

- **Silver Equity Awards under REIT Category**

National Annual Corporate Reporting Awards ("NACRA") 2023

- **Silver Award for companies with RM2 billion to RM10 billion**

CORPORATE PROFILE

Purpose

Empowering businesses
Curating experiences
Enriching lives

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



CORE VALUES

INTEGRITY

We believe in doing the right thing at all times:

- » We conduct ourselves in an honest and trustworthy manner
- » We act professionally, ethically and honourably
- » We ensure our actions are consistent with our words

HUMILITY

We believe in being humble, polite and respectful:

- » We never stop learning
- » We care for and respect the people and the environment
- » We seek first to understand, then to be understood

EXCELLENCE

We take pride in all that we do:

- » We strive to deliver high quality products and services
- » We continuously innovate and improve for greater progress
- » We seek to inspire others to excel

CORPORATE PROFILE

Sunway Real Estate Investment Trust ("Sunway REIT" or "Trust") is one of the largest diversified Real Estate Investment Trusts ("REITs") in Malaysia, with a diverse portfolio strategically located across award-winning integrated townships in key locations across Greater Kuala Lumpur, Penang and Perak.

Sunway REIT was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 8th July 2010. The market capitalisation of Sunway REIT stood at RM5.3 billion and a property value of RM9.0 billion as of 31st December 2023, with a property portfolio of 19 assets comprising of five retail properties, six hotels, five offices, two industrial properties and an education asset.



- Sunway Carnival Mall
- Sunway Hotel Georgetown
- Sunway Hotel Seberang Jaya



- SunCity Ipoh Hypermarket



**SELANGOR
KUALA LUMPUR**

- Sunway Pyramid Mall
- Sunway Putra Mall
- Sunway Pier
- Sunway Resort Hotel
- Sunway Pyramid Hotel
- Sunway Lagoon Hotel
- Sunway Putra Hotel
- Menara Sunway
- Sunway Tower
- Sunway Putra Tower
- Wisma Sunway
- Sunway Pinnacle
- Sunway university & college campus
- Sunway REIT Industrial – Shah Alam 1
- Sunway REIT Industrial – Petaling Jaya 1

SALIENT FEATURES

Name of Fund	Sunway REIT
Type of Fund	Income and Growth
Category of Fund	Real Estate Investment Trust
Duration of Fund/ Termination Date	<p>The earlier of:</p> <ul style="list-style-type: none"> the occurrence of the Termination Events as listed in the 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 "Deed"); the 999 years after the date of the registration of the Deed; or the date on which the Fund is terminated by the Manager in such circumstance as set out in the Deed
Investment Objective	To provide the Unitholders with an exposure to a diversified portfolio of authorised investments that will provide stable cash distributions with the potential for sustainable growth of the net asset value per unit
Investment Policy	At least 75% of the Fund's total asset value must be invested in real estate and/or single purpose companies at all times, and not more than 25% of the total asset value is invested in non-real estate, cash, deposit and/or money market instruments
Key Acquisition Criteria	<ul style="list-style-type: none"> Diversified asset classes High growth cities and townships in Malaysia Compatibility and synergistic with asset portfolio
Distribution Policy	<ul style="list-style-type: none"> 100% of distributable income in each financial year (at least 90% of distributable income in FY2020 and FP2021) Semi-annual distribution
Revaluation Policy	At least once a financial year by independent registered valuer
Gearing Policy	Not exceeding 50% of the Fund's total asset value
Manager's Fees	<ul style="list-style-type: none"> Base Fee: 0.3% per annum of total asset value Performance Fee: 3% per annum of net property income, but before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement Acquisition Fee: 1% of acquisition price Divestment Fee: 0.5% of sale price
Trustee's Fee	Up to 0.015% per annum of the Fund's net asset value subject to a maximum limit of RM700,000 per annum
Financial Year End	31 December
Board Lot	100 units per board lot
Listing	Main Market of Bursa Malaysia Securities Berhad
Stock Name	SUNREIT
Stock Code	5176
Date of Listing	8 July 2010
Initial Public Offering Price	<ul style="list-style-type: none"> RM0.88 – retail RM0.90 – institutional

Message from Our
Chairman

In Conversation with
Our CEO

STRATEGIC PROGRESS



MESSAGE FROM OUR CHAIRMAN

Dear Valued Stakeholders,

We stepped into 2023 with cautious optimism. Our vigilance has served us well as the world economy continues to be unprecedentedly volatile. Sunway REIT is pleased that, in spite of the gyrations in economic activities, we have continued to deliver sustainable results to our unitholders. Steered by our TRANSCEND 2027 roadmap, we will continue to embark on strategies that will lead Sunway REIT to sustained growth.

TAN SRI AMIRSHAM BIN A AZIZ
Chairman
Sunway REIT Management Sdn Bhd



REFLECTING ON AN INCREASINGLY VOLATILE WORLD

In 2023, the global economy continued to face challenges following the aftermath of the COVID-19 pandemic. Coupled with heightened geopolitical tensions and strict monetary policies to tame inflation, these factors have contributed to the increased risk of a worldwide economic slowdown.

Forecast from the International Monetary Fund ("IMF") indicates a slowdown in global economic growth, with growth rates expected to decline from 3.5% in 2022 to 3.0% in 2023 and further to 2.9% in 2024. This represents a notable deterioration from the historical average growth of 3.8% seen from 2000 to 2019. Meanwhile, global inflation is projected to finally moderate, influenced by stricter monetary policies and a drop in international commodity prices. The moderation has given central banks like the Federal Reserve confidence to hint at a pivot from their monetary policies moving forward.

Despite the global uncertainties, Malaysia's economy remained resilient. The economy has been anchored by domestic consumption, well-managed inflation, favourable labour market conditions and a healthy current account surplus. Nonetheless, higher interest rates and a weak Ringgit have caused vulnerabilities in certain industries. Meanwhile, Malaysia's advance Gross Domestic Product ("GDP") expanded by 3.8% in 2023.

M-REITS RECOVERY STILL A WORK IN PROGRESS

The Malaysian Real Estate Investment Trusts ("M-REITs") recovery in 2023 can be described as intermittent, mainly attributable to a climate of escalating interest rates. The year commenced strongly, with the M-REITs index rallying 7.5%, reaching its zenith in early February 2023. It was buoyed by the optimistic sentiment following China's reopening and a temporary halt in Malaysia's Overnight Policy Rate ("OPR") increases. However, as the year progressed, the narrative was again dominated by the continuation of global monetary tightening policies. The sentiment was further dampened by lower-than-expected tourist arrivals.

Despite the lacklustre M-REITs sentiment, market capitalisation expanded by 7.0% to RM41.8 billion in 2023 by active acquisition activities, which are mainly from the respective sponsors and equity fundraisings. For the year, M-REITs recorded a marginal contraction of 1.2%.

The distribution yield of M-REITs, which stood at 6.7% at the end of 2022, saw a compression in 2023 to 6.2%. Total returns for M-REITs improved marginally from the previous year's 4.5% to 5.0% in 2023, suggesting a cautious approach from investors amidst a higher interest rate environment. Furthermore, the average discount-to-Net Asset Value ("NAV") for M-REITs widened slightly from 22% (as of 31 December 2022) to 23% (as of 31 December 2023), illustrating the impact of declining unit prices.

Trading Performance of M-REITs



Total Return (2023)

5.0%



Distribution Yield
(31 December 2023)

6.2%

SUNWAY REIT MAINTAINS SOLID RETURNS TO UNITHOLDERS

Sunway REIT's trading performance showed notable improvement in 2023. The unit price rebounded by 13.6% between the start of 2023 and early February, reaching a high of RM1.66, but closed the year at RM1.54, up 5.5% from RM1.46 at the end of 2022.

For the financial year ended 31 December 2023, Sunway REIT has maintained payment of 100% of its distributable realised profit for the year (excluding gain on disposal) and declared a dividend per unit of 9.30 sen. Even though dividend yield has declined marginally to 6.0% from 6.3% in FY2022, total return has nonetheless improved to 11.5% compared to 9.8% in the previous year. Meanwhile, Sunway REIT's premium-to-NAV also improved to 5.1% as of 31 December 2023, as opposed to a discount-to-NAV of 0.3% in the previous year.

The above is commendable, considering the subdued sentiment for M-REITs, persistently high interest rates, and Sunway REIT's exclusion from the FTSE Bursa Malaysia Emas Index and FTSE4 Good Bursa Malaysia Index. The exclusion of Sunway REIT from these indices was due to low trading liquidity, in line with decreased investor interest in M-REITs.

Trading Performance of Sunway REIT



Total Return (FY2023)

11.5%



Distribution Yield
(31 December 2023)

6.0%

MESSAGE FROM OUR CHAIRMAN

ACCELERATING SUSTAINABILITY AND INCLUSIVE GROWTH

The shift towards incorporating Environmental, Social, and Governance ("ESG") criteria within investment and business decisions gained further traction in 2023. The movement is largely driven by institutional and international capital demands and, within the real estate space, is increasingly resonating with the requirements of occupiers and tenants. This trend is in line with Sunway REIT's continuous effort to deepen and broaden its ESG best practices, emphasising sustainable strategies and responsible business activities.



The culmination of Sunway REIT's efforts in ESG has resulted in various recognition and accreditation. Notably, in 2023, Sunway REIT had leapt from a "BB" to an "A" MSCI ESG rating in August 2023, achieving a two-notch improvement and underscoring its proactive management of financially relevant ESG risks and opportunities. MSCI ESG rating assessment is widely embraced as a critical decision support tool in capital markets worldwide and aims to measure a company's resilience to long-term ESG risks.



In benchmarking our ESG practices to other international property players, Sunway REIT had also submitted for our inaugural Global Real Estate Sustainability Benchmark ("GRESB") assessment and received a three-star rating in the category of Standing Investments and was rated "A" for our public disclosure. GRESB real estate assessment is the pre-eminent ESG benchmarking tool for real estate investments, providing standardised and validated data to the capital markets and investors. Sunway REIT is among the pioneers in the Malaysian real estate industry to submit for a GRESB assessment rating as we seek to break new ground in sustainability practices and bring Sunway REIT to match the ESG standards of worldwide peers.

➡ Please refer to the In Conversation with Our CEO section and the Sustainability Report for progress and details of Sunway REIT's sustainability initiatives.

PLANNING FOR A HIGHER-FOR-LONGER INTEREST RATE ENVIRONMENT

Challenges abound for the year ahead, chief of which will be the expected higher-for-longer interest rates, especially in Malaysia. Even as developed countries explore a potential reversal of the interest rate policy, loosening monetary policy may take place later rather than earlier in Malaysia as Bank Negara Malaysia ("BNM") has been much more measured in hiking rates. Oversupply of office and retail space, especially in Klang Valley, may also potentially restrict growth in these two sectors.

Nonetheless, there are also reasons to be optimistic for the coming year. Malaysia's robust economic fundamentals, reinforced by the strategies in Budget 2024, are expected to sustain economic growth within an estimated range of 4% to 5%. In particular, segments like retail trade, accommodation, restaurants and communications are expected to improve. At the same time, trade-related activities will likely boost the wholesale trade as well as transport and storage subsectors.

At a more granular level, initiatives by the government in reinstating flight frequency and connectivity, as well as granting the 30-day visa-free status for citizens of China and India, augur well for the continued recovery of the tourism sector. Efforts to improve relations and connectivity between Singapore and Johor are also bearing fruit as the state has attracted great investor interest over recent months, with more foreign direct investments anticipated across the country due to the improved bilateral relations.

PURSuing SUSTAINABLE LONG-TERM GROWTH THROUGH TRANSCEND 2027

Consistent with the above macroeconomic outlook, Sunway REIT will remain opportunistic in looking out for assets that align with TRANSCEND 2027, increasing our exposure to industrial, services and logistics sub-sectors, which shall support the nation's growth aspirations as well as provide us with resilient earnings moving forward. Given the volatile interest rate movements, there could also be arbitrage opportunities in overseas markets, and we will look to capitalise on any such opportunities, especially in the developed economies.

We will also maintain regular engagement with Sunway REIT's sponsor to monitor the progress and readiness of pipeline assets to be injected into Sunway REIT as we aspire to achieve the long-term goal of at least RM14 billion of Assets Under Management ("AUM"). Organically, we are also monitoring our substantial Asset Enhancement Initiatives ("AEI") and development works in progress. During the year, we have approved and commenced contract works of approximately RM1 billion to be undertaken over the next two to three years. These AEIs are expected to be yield-accretive to our portfolio of assets and shall provide the next level of growth for Sunway REIT.

MESSAGE FROM OUR CHAIRMAN

AWARDS AND RECOGNITION

Sunway REIT continues to maintain the highest standards, whether in delivering value to stakeholders or in carrying out our ESG responsibilities. Accordingly, during the year, we are humbled to have been recognised with several prestigious awards and accolades, highlighting our excellence and commitment across various aspects of our operations:



The 8th Annual REITs Asia Pacific Best Of The Breeds REITs Awards 2023

We garnered the Platinum Award for the Best Diversified REITs in Malaysia, a testament to our outstanding financial performance in the real estate investment sector.



Australasian Reporting Awards ("ARA") 2023

We were bestowed with a Gold Award for Distinguished Achievements in Reporting and a Silver Award for Distinguished Achievements in Sustainability Reporting, showcasing our excellence in transparency and sustainable business practices.



The Edge ESG Awards 2023

We were awarded the Silver Award for the REIT category at The Edge Malaysia ESG Awards – Equity Awards. These prestigious awards honour the best ESG performers among Malaysian corporates, feting their achievements in their respective industries and reaffirming Sunway REIT's dedication as well as leadership in sustainability practices among Malaysian REITs.



National Annual Corporate Reporting Awards ("NACRA") 2023

In November 2023, we emerged as the Silver Excellence Award recipient under the category of companies with RM2 billion to RM10 billion in market capitalisation at NACRA 2023, an award dedicated to recognising excellence in corporate and sustainability reporting. This accolade underscores Sunway REIT's commitment to transparent, timely and informative reporting practices, aligning with NACRA's objective of promoting effective corporate reporting and communication for Malaysian corporations. This is the 12th consecutive time that Sunway REIT has won an acknowledgement from NACRA.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend our heartfelt appreciation to our valued stakeholders, including unitholders, our Trustee, the Property Manager, the management teams of various business units, our business partners, the investment community and members of the media. Your consistent support and trust in Sunway REIT are invaluable to us. With your continued partnership, we are excited about advancing Sunway REIT to new levels of success and achievement.

Yours sincerely,
Tan Sri Amirsham Bin A Aziz
 Chairman

IN CONVERSATION WITH OUR CEO

Dear Valued Stakeholders,

It gives me immense pleasure to present my inaugural CEO message in Sunway REIT's Integrated Annual Report for FY2023. It has been a great honour to be entrusted with the responsibility of leading Sunway REIT forward to our next phase of growth. Since my appointment in July 2023, I am delighted to share that Sunway REIT has continued to sustain its financial performance amidst a challenging economic backdrop and has pushed on with a number of strategic acquisitions and Asset Enhancement Initiatives ("AEI") which will certainly enhance our prospects moving forward.

CLEMENT CHEN KOK PENG

Chief Executive Officer

Sunway REIT Management Sdn Bhd

NAVIGATING UNCERTAINTY IN THE FACE OF RISING TIDES

As we stepped into 2023 with trepidation, facing dual headwinds in the form of soaring inflation and persistent monetary tightening by key central banks across the world, Sunway REIT is relieved by the disciplined and pragmatic monetary policy adopted by Bank Negara Malaysia ("BNM"). While keeping up with general interest rate trends worldwide, BNM's gradual and measured approach to increasing rates ensured inflation was kept in check while businesses and households had time to manage the increase in financing costs. Coupled with strong policies by an increasingly stable government, Malaysia's economy remained resilient, anchored by strong domestic demand. This was crucial to Sunway REIT being able to sustain our performance as the world economy remains in a state of flux with new geopolitical risks emerging and the boost from a surge in tourist arrivals following the re-opening of China borders not quite materialising.

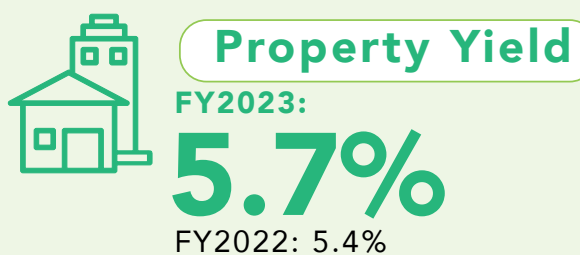
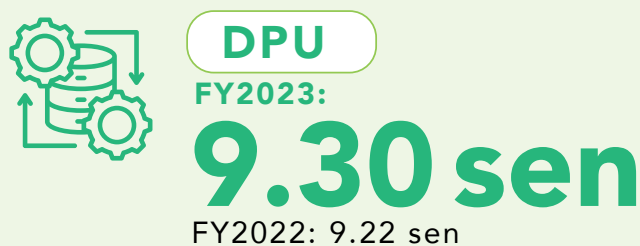
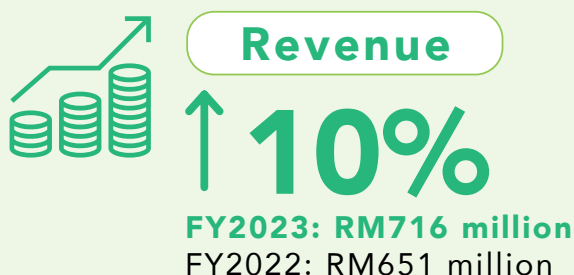
IN CONVERSATION WITH OUR CEO

RESILIENT FINANCIAL PERFORMANCE FOR FY2023

Amidst the abovementioned backdrop, Sunway REIT sustained its strong post-pandemic recovery in FY2023. The retail segment continued to grow commendably, anchored by the continuing increase in retail footfall, healthy retail sales, and boosted by Sunway Carnival Mall New Wing's full-year contribution. The hotel segment, while still not entirely recovered to its pre-pandemic level, continues to demonstrate improvement in performance. The average occupancy rate for the hotel segment increased from 54% in FY2022 to 64% in FY2023 (FY2019: 69%). Other segments remained relatively stable contributors to Net Property Income ("NPI").

For FY2023, Sunway REIT registered revenue of RM716 million, which is an improvement of 10% from RM651 million recorded in FY2022. However, NPI grew at a smaller rate of 5%, hampered by higher interest cost and a RM51 million increase in electricity charges following from the introduction of Imbalance Cost Pass Through ("ICPT") by Tenaga Nasional Berhad. This itself has a 1.5 sen impact on Distribution Per Unit ("DPU"). Despite that, the Manager still was able to increase DPU to 9.30 sen for FY2023 from 9.22 sen in the previous financial year. Moving forward, we anticipate the completion of the various AEs to drive DPU growth further.

➡ Please refer to the Financial Highlights and Portfolio Capital sections for the detailed explanation.



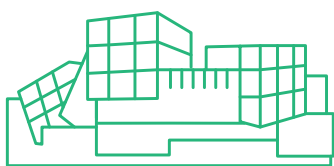
IN CONVERSATION WITH OUR CEO

ENHANCING VALUE THROUGH ACTIVE ASSET ENHANCEMENT INITIATIVES

Sunway REIT proactively identifies opportunities to improve the operational performance of our portfolio's existing assets. This is particularly important to maintain the relevance of our assets and preserve or enhance the property values in a fiercely competitive real estate market.

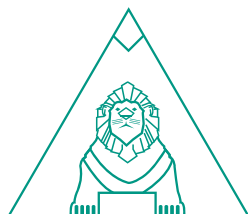
Ongoing and pipeline AEIs and brownfield developments are as follows:

Refreshing Sunway Carnival Mall's Existing Wing



Following the successful launch of Sunway Carnival Mall – New Wing in June 2022, Sunway REIT embarked on the refurbishment of the existing wing at Sunway Carnival Mall. We see enormous prospects in catering to the burgeoning demand from the growing population in Mainland Penang. The RM360 million refurbishment exercise encompasses optimising the layout, integrating the aesthetics of the external façade, and providing seamless connectivity for the enlarged mall. The AEI is being carried out in phases involving sectional closures from July 2023 through to third quarter 2025.

Curating Better Tenant Mix and Optimising Space at Sunway Pyramid Mall



Sunway Pyramid Mall, our jewel asset, has demonstrated resilience over the years due to its foresight to evolve in tandem with changing consumers trends and lifestyles. As the next phase of its evolution, the mall is reconfiguring 320,000 square feet of anchor tenant space, previously occupied by the AEON departmental store, into specialty stores. The reconfiguration aims to improve and revitalise the tenancy mix and further elevate shopping experience in the mall. We are optimistic that a well-curated tenancy mix would attract a broader range of shoppers, thus increasing retail footfall and revenue.

This AEI is essential for two purposes. Firstly, it serves to defend its position as one of the leading regional malls in the face of intensifying competition in the Klang Valley from new openings like The Exchange at TRX and Pavilion Damansara Heights. Secondly, the reconfigured retail space is expected to generate higher rents per square foot compared to the previous anchor tenant, thus, enhancing the asset yield of the property. The AEI at Sunway Pyramid Mall is expected to complete in the final quarter of 2024 with a budget of RM190 million.

Trailblazing Urban Rejuvenation at Sunway Pier



In line with previous stated plans to rejuvenate Sunway Pier, Sunway REIT has in FY2023, obtained development approvals for the redevelopment of the site into a tourist destination and a new seaside landmark in Selangor. With the ferry terminal connecting it to neighbouring countries and the adjacent KTM Komuter rail link to the heart of the city, this urban rejuvenation project aspires to bring unique offerings and experiences in retail, leisure, travel and gastronomy. The development project is expected to begin in 2024 at a cost of RM370 million and targeted for completion in 2027.

IN CONVERSATION WITH OUR CEO

ENJOYING THE RESURGENCE OF TOURISM AND FRUIT OF AEI EFFORTS

Sunway REIT fully completed the transformative refurbishment of the Sunway Resort Hotel in July 2023, after the phased reopening since May 2022. The brand-new flagship hotel offers an exhilarating combination of world-class facilities and gastronomical offerings to elevate guests' experience. Following the success of the first in Malaysia Gordon Ramsay Bar & Grill, the hotel welcomed another coveted New York City burger joint, Black Tap Craft Burgers & Shakes. The timely completion of the refurbishment of the 460 rooms and facilities also placed the hotel in strong position to capitalise on a recovery in leisure tourism and Meetings, Incentives, Conferences, and Exhibitions ("MICE") activities. As a result, Sunway Resort Hotel recorded a significant increase of 67% in its Average Daily Rate ("ADR") compared to pre-pandemic.

Equally significant was the halo effect created from the success of Sunway Resort Hotel for our two other hospitality assets in the vicinity, Sunway Lagoon Hotel and Sunway Pyramid Hotel. Both properties had also recorded strong occupancies above 70% for FY2023 and achieved an increase of 16% in ADR compared to pre-pandemic.

While Malaysia's tourism recovery has lagged those of its neighbouring countries, we nevertheless anticipate a steady upward trend in 2024. Measures to allow 30-day visa-free entry to Chinese and Indian nationals and improving flight connectivity and frequency augur well for the hospitality industry in Malaysia as a whole.

PORTFOLIO REBALANCING TO DRIVE FUTURE GROWTH

In driving Sunway REIT towards higher future growth, we focused our key priorities on optimising the portfolio to build portfolio resilience and generating higher growth. In 2023, Sunway REIT implemented key measures in rebalancing our asset portfolio, namely, expanding our geographical presence within Malaysia, strengthening our industrial segment and completed one asset recycling.

Asset recycling to redeploy cash for yield accretive acquisitions



Sunway REIT completed the divestment of Sunway Medical Centre (Tower A & B) in August 2023 and in the process made realised gains of RM60 million and generated net cash of RM430 million. We are looking to redirect the proceeds towards assets that will enhance the portfolio yield and generate higher accretion to DPU.

Expanding our geographical presence in Malaysia



Sunway REIT announced the proposed acquisition of a portfolio of 6 hypermarkets in March 2023 for a total purchase consideration of RM520 million. These assets fortify our presence in the Klang Valley, as well as spread our foothold into Johor. Our maiden presence in Johor is expected to benefit from Johor's rapidly recovering economy and growing connectivity to Singapore. Geographical diversification aside, the proposed acquisition enhances income resilience and NPI yield of Sunway REIT's asset portfolio. A conditional approval was received from Economic Planning Unit of the Prime Minister's Office and the Board of Directors of the Manager is reviewing the said condition for the next course of action which will be updated in due course.

On 26 January 2024, Sunway REIT entered into a conditional Sale and Purchase Agreement ("SPA") with D'Kiara Place Sdn. Bhd., to acquire a shopping mall known as "163 Retail Park" that is strategically located in Mont Kiara, Kuala Lumpur for a cash consideration of RM215 million.

Strengthening of the Industrial portfolio



Sunway REIT continues to build up the strength of its industrial segment. During FY2023, Sunway REIT capitalised on an opportunity to acquire an asset in Bukit Tengah Industrial Park, Prai, Penang, a leading industrial hub in Malaysia. Sunway REIT signed a conditional SPA in December 2023 to acquire the industrial property for a purchase consideration of RM66.8 million. This move is in line with Sunway REIT's strategic vision to bolster our presence in the industrial segment.

This acquisition will mark the addition of a third industrial asset to Sunway REIT's asset portfolio, bringing the combined property value to approximately RM234 million. The Services, Industrial and Others segments will represent approximately 9.0% of Sunway REIT's asset portfolio upon the completion of the proposed acquisition. Sunway REIT Industrial - Petaling Jaya 1 has also been successfully partially leased with approximately 86,000 square feet or 27% of the space taken by ABB, a Swedish electrical technology company. The remaining space has continued to attract strong interest from prospective tenants and we foresee occupancy increasing further in FY2024.

IN CONVERSATION WITH OUR CEO

DYNAMIC CAPITAL MANAGEMENT STRATEGY

Faced with a rising interest rate environment, Sunway REIT was vigilant in monitoring interest rate movements and focused on optimising its financing costs and capital structure. Through a dynamic capital management strategy, Sunway REIT managed to maintain a healthy debt profile with a weighted debt expiry of 1.3 years while maintaining an optimal proportion of 34%:66% between fixed and floating rate borrowings. The average cost of debt increased from 2.98% in FY2022 to 3.80% in FY2023, reflecting the full impact of a 125 basis points interest rate increase since May 2022 and a “quasi tightening” in July and December 2023. Notwithstanding the higher interest rate landscape, Sunway REIT continued to have one of the lowest cost of debt amongst M-REITs.

As part of plans to further optimise its debt capital, Sunway REIT embarked on a rating process with RAM Rating Services Berhad in FY2023 and in September 2023, secured a corporate credit rating of AA2. This was a significant achievement in that Sunway REIT is the first in the M-REIT industry to obtain its own corporate credit rating. RAM Ratings had, concurrently, also ascribed an A1(s) rating for Sunway REIT's Perpetual Note programme. These ratings are testament to Sunway REIT's strong credit profile and will enable Sunway REIT to attract a wider pool of investors and potentially achieve better cost efficiency for debt issuances under its Medium Term Note and Perpetual Note programmes going forward.

➡ Please refer to the Capital Management section for the detailed explanation.

RAISING THE BAR FOR SUSTAINABILITY INITIATIVES

With Sustainability or Environmental, Social and Governance (“ESG”) considerations gaining even greater prominence for stakeholders in FY2023, Sunway REIT is pleased that our industry leading efforts have been recognised by various bodies as we continue to trailblaze in terms of our sustainability initiatives.

1

First green Cross Currency Swap (“CCS”)

Partnering HSBC Bank, Sunway REIT continued to lead the way in green financing initiatives. Sunway REIT and HSBC inked the first sustainability linked Cross Currency Swap in Malaysia worth RM200 million in April 2023. The bespoke CCS offers direct sustainability-related incentives while hedging the currency and interest rate risks of Sunway REIT's foreign currency loan with HSBC. As at end FY2023, 97.5% of Sunway REIT's borrowings are on sustainable financing.

2

First GreenRE Platinum Hotel in Malaysia

Following the completion of the refurbishment of Sunway Resort Hotel in July 2023, the flagship hotel in Sunway REIT's portfolio was officially accredited as a GreenRE Platinum Building, the highest recognition by GreenRE under their GreenRE Existing Non-Residential Building rating tool. Sunway Resort Hotel's refurbishment, costing approximately RM300 million, incorporated green features like an intelligently designed building facade to reduce heat gains, energy-efficient air conditioning systems, optimised natural ventilation, and innovative water management strategies utilising alternative water source to reduce potable water for hotel operational use. As the first GreenRE Platinum - certified hotel in Malaysia, Sunway Resort Hotel solidifies its position as a pioneer in sustainable hospitality.

3

Green Building Roadmap

Besides the conferment of GreenRE Platinum status for Sunway Resort Hotel, Sunway REIT also obtained a GreenRE Gold status for Sunway Putra Mall. With this new certification, five Sunway REIT properties representing 35% of our total gross floor area managed is now green certified. Sunway REIT has laid out a 10-year roadmap with the intention to green certify all our buildings before 2034. The continued pursuit of green certifications for our buildings is dual purpose. Firstly, we aim to ensure the continued relevance of Sunway REIT properties for choice tenants as more corporations look to control their Scope 3 emissions. Secondly, we believe that energy audits and equipment enhancements during the certification process will lead to energy consumption savings and operational expenditure reduction.

IN CONVERSATION WITH OUR CEO

RENEWED OPTIMISM IN 2024

We approach the year ahead with renewed optimism. The US Federal Reserve's pivot suggests that global monetary tightening cycle is coming to an end. A more stable domestic political landscape and the promise of economic reform will be positive to the long-term prospects of the economy.

Sunway REIT is confident that Malaysia's robust domestic consumption will be supported by the low unemployment rate and reasonable economic growth. We are hopeful that stronger tourist arrivals will be another booster to the local economy.

Having said the above, 2024 will still present its own set of challenges and opportunities. The supply of retail malls in Malaysia increased in 2023 and will rise further in 2024. While representing new competition, these new retail malls could add depth and breadth of retail offerings and elevate Malaysia's position as a retail destination. These malls will not only attract local shoppers but also have the potential to draw international visitors, contributing positively to the economy and tourism sector. The evolution of the retail landscape could attract more internationally renowned brands to have their presence in Malaysia which will benefit the overall retail industry. Despite intensifying competition, we strongly believe that established regional malls will continue to be well placed to attract the best tenants provided we evolve with consumers trends and lifestyle.

Parallels can be drawn with the office sector in Malaysia, which is also seeing an immense amount of incoming supply in 2023 and 2024. The overhang of vacant office space especially in Klang Valley will adversely affect rental growth prospects. Nonetheless, the attractive rentals in Malaysia may become an attribute to entice relocations of more regional offices and MNCs here. In ensuring our properties are considered by such tenants, our properties need to be enhanced to meet green building requirements as well as achieve the Malaysia Digital ("MD") status.

Based on the above, it is imperative that Sunway REIT must continue to explore and execute AEIs that will enhance the appeal of our properties in order to maintain, if not improve, our property yield. We believe that our ongoing AEIs across our portfolio will help us achieve greater asset yields moving forward. However, we are mindful they may result in short term disruptions and closures that may impact profitability growth in FY2024. Management of Sunway REIT will hope to bridge any gaps due to the AEI closures through timely completion of our new acquisitions.

ACKNOWLEDGMENT

I would like to take this opportunity to acknowledge my predecessor, Dato' Jeffrey Ng, for his leadership and contributions to Sunway REIT since our listing in 2010 till his retirement in June 2023, Sunway REIT has grown from strength to strength over this period and Dato' Jeffrey Ng has left behind a solid platform upon which we can continue to build further success.

I also wish to record my sincere appreciation to the Board of Directors for entrusting me with the opportunity to lead Sunway REIT and I look forward to carrying out my responsibilities to my best capability. To that end, I would like to express my gratitude to the Sunway REIT team and Sunway business units teams, who have given me their full support to ensure a seamless handover. I look forward to working together with all of you to bring Sunway REIT to greater heights.

In closing, I would like to express my deepest appreciation to the Board, the Sunway REIT team, my colleagues in the Sunway business units, unitholders, tenants, suppliers, bankers, contractors and the media for your contributions and support of Sunway REIT over the past year. Sunway REIT looks forward to building a long, enduring relationship with all of you.

Yours Sincerely,
Clement Chen Kok Peng
 Chief Executive Officer

VALUE CREATION

Business Model

Financial Capital

Portfolio Capital

Intellectual Capital

Human Capital

Social & Relationship
Capital

Natural Capital





FINANCIAL CAPITAL

Financial Highlights
Value Added Statement
Capital Management
Fair Value of Investment
Properties
Trading Performance



PORTFOLIO CAPITAL

Property Details
Segmental Highlights
Retail Segment
Hotel Segment
Office Segment
Services Segment
Industrial & Others Segment



INTELLECTUAL CAPITAL

Directors' Profile
Management Team
Corporate Governance
Overview Statement



HUMAN CAPITAL

Organisation Structure
and Trust Structure



SOCIAL & RELATIONSHIP CAPITAL

Investor Relations
Engagement



NATURAL CAPITAL

Sustainability at a Glance



BUSINESS MODEL

INPUTS



FINANCIAL CAPITAL

- Total Unitholders' Funds: **RM5.2 billion**
- Total Borrowings: **RM3.6 billion**
- Total Assets: **RM9.5 billion**



PORTFOLIO CAPITAL

- Attractive and quality asset portfolio comprising of **19 properties**
- High-quality investment and development pipeline



INTELLECTUAL CAPITAL

- Deep industry knowledge of **Board of Directors and the Manager**
- Strong **brand reputation** of Sponsor and Sunway REIT
- **Integrated risk management culture and framework**



HUMAN CAPITAL

- Comprising **23 employees** under the Manager
- Investing in various **training programs and workshops** to upskill employees and prepare for a stronger workforce
- Supported by professional and experienced **Business Unit Management Teams**



SOCIAL & RELATIONSHIP CAPITAL

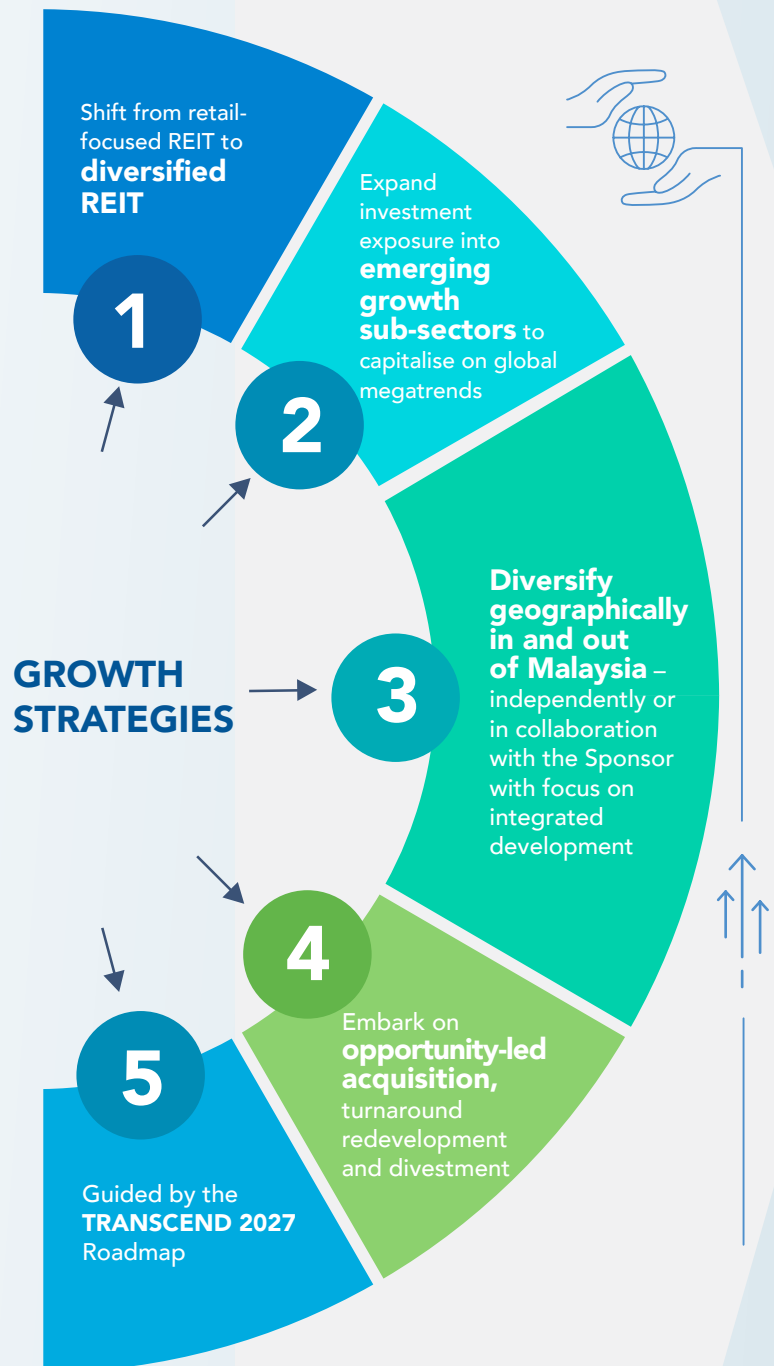
- Regular **stakeholder engagement**
- **Effective, timely and transparent** communication and disclosure
- Implementation of **Green Lease Partnership Programme**



NATURAL CAPITAL

- Encourage the use of **renewable energy, water-efficient fittings and energy-efficient equipment**
- Committed to certify 100% of Sunway REIT's properties as **green buildings**
- Implementing **waste management initiative** to minimise wastage

GUIDED BY VISION, MISSION AND CORE VALUES



VALUE DRIVERS

Diversified asset portfolio

Prudent risk management

Experienced and diverse background & skill sets

Strong relationship with tenants

BUSINESS MODEL

OUTPUTS

- Revenue: **RM716 million**
 - Net Property Income: **RM527 million**
 - Distribution Per Unit: **9.30 sen**
 - Payout Ratio: **100%**
-
- Retail: **3.1 million** sq.ft. NLA
 - Hotel: **2,527** rooms
 - Office: **1.6 million** sq.ft. NLA
-
- Prudent and balanced investment decisions
 - **5** awards and accolades
 - Optimum and low cost of financing
-
- Employee retention rate: **74%**
 - Total learning hours per employee: **35 hours**
 - Increased capability of employees
 - Employees engagement score: **68%**
-
- **1,344** tenancies
 - **97.6%** tenancy renewal rate
 - **27** investor relations events initiated
 - **100%** hotel master lessees and **82%** retail and office tenants participated in the Green Lease Partnership Programme
-
- **8%** of electricity generated from renewable energy
 - **5** properties certified as Green Building
 - Diverted **8%** of landfill waste
 - Converted **97.5%** of borrowings to sustainability-linked loan

OUTCOMES

- Ranked 2nd by Property Value: **RM9.0 billion**
 - Ranked 3rd in Market Capitalisation: **RM5.3 billion**
 - 5-year Average Total Return: **2.6%**
-
- Average Occupancy Rate
Retail: **97%**
Hotel: **64%**
Office: **84%**
-
- Robust corporate governance backed by board leadership and effectiveness
 - Continuous oversight of risk management and internal controls
-
- Optimum customer and tenant satisfaction achieved through excellent customer service delivered by a highly skilled workforce
Retail customer satisfaction: **80%**
Hotel guest satisfaction: **89%**
Office tenant satisfaction: **94%**
-
- Highest amongst M-REITs: **16** research coverage
 - Increased unitholders' base to **31,554** unitholders
 - Strong long-term relationships with business partners and stakeholders with high levels of integrity and fairness to all parties
-
- Lowered carbon footprint and efficient resource management
 - Progressively achieve the goal of **Net Zero Carbon by 2050**

TRADE-OFFS

Property investments and allocation for capital expenditure on property development and asset enhancement initiatives may affect Financial Capital in the short and mid term, however, it will contribute positively to Portfolio Capital in the longer term.

The investments in green buildings have certainly contributed to preserving Natural Capital and will positively impact Portfolio Capital in the mid and long term through improvements in valuation and brand equity.

Investments in Intellectual Capital may reduce the Financial Capital over the short term, however it is also likely to increase the value of Human, Financial and Social & Relationship Capitals over the mid and long term while reaping the benefits of the improved domain knowledge.

Investing Financial Capital in the upskilling of employees broadens career prospects and empowers them with greater capabilities. Over the long term, this provides immense benefits to Human Capital and Intellectual Capital.

Cultivating strong relationships with the stakeholders while strictly adhering to corporate governance requirements will serve to improve all Capitals. Giving to support social and humanities programmes will also serve to improve Social & Relationship, Portfolio, Human and Intellectual Capitals over the longer term.

Leveraging on renewable energy will impact Financial Capital at the outset but will certainly benefit Natural, Social & Relationship and Portfolio Capitals over the mid and long term.

Sunway brand synergy

Responsible & sustainable business practices

Performance track record

Progressive mindset & innovative processes

FINANCIAL CAPITAL

Financial Capital consists of a pool of funds available to Sunway REIT, generated from rental income, property revaluation and financing through debt and equity. It plays a vital role in facilitating business operations and bolstering the effectiveness of the other Capitals, thus ensuring the enduring viability of Sunway REIT's business and operation. The comprehensive approach to managing Financial Capital steers the direction of financial inputs and outputs, aimed at attaining sustainable and long-term cash flows.

REVENUE

RM716 million

NPI

RM527 million

DISTRIBUTION YIELD

6.0%

MARKET CAPITALISATION

RM5.3 billion

DPU

9.30 sen

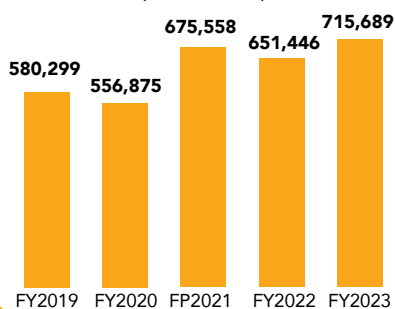
**TOTAL
RETURN** **11.5%**

FINANCIAL HIGHLIGHTS

FIVE-YEAR FINANCIAL INFORMATION

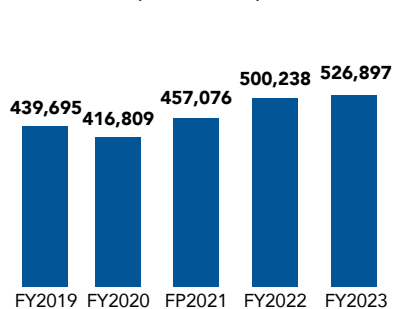
REVENUE

(RM'000)



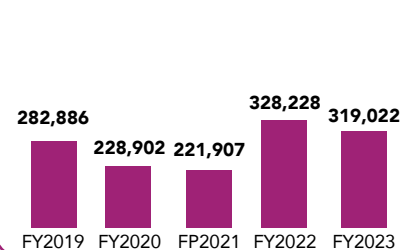
NET PROPERTY INCOME

(RM'000)

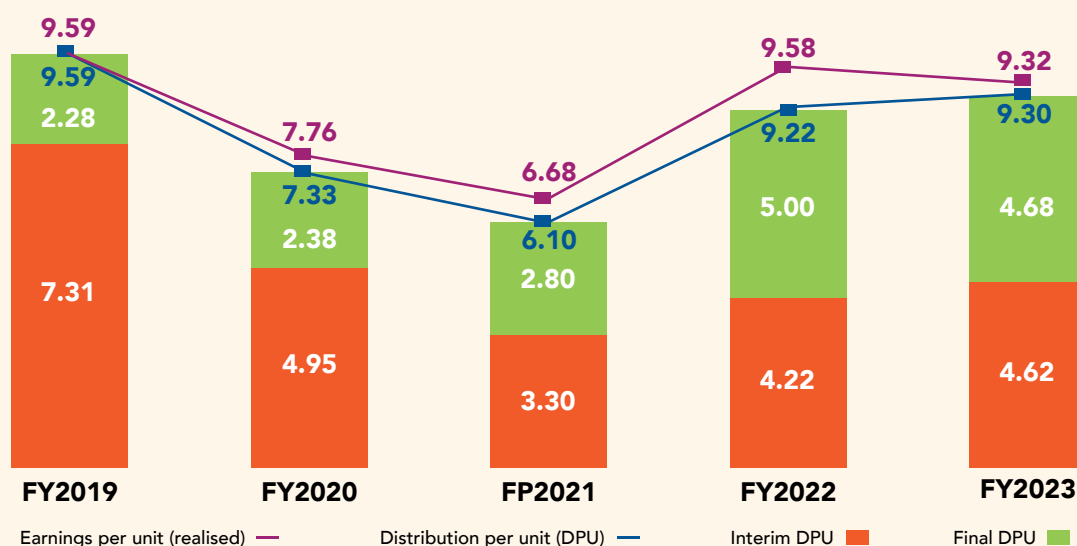


INCOME AVAILABLE FOR DISTRIBUTION (REALISED)

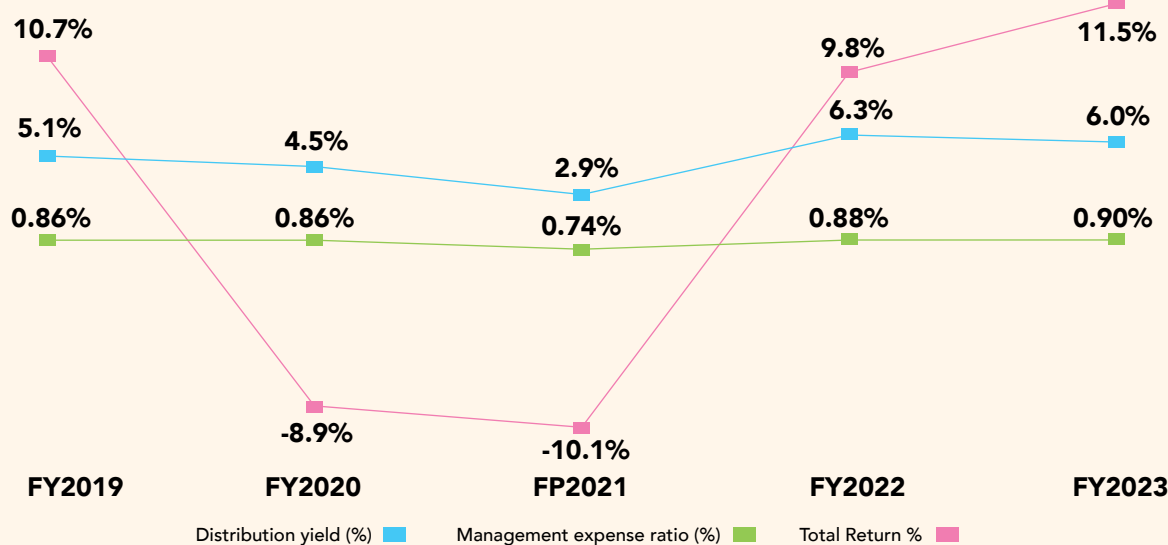
(RM'000)



Five-Year Distribution Per Unit (sen)



Five-Year Distribution Yield, Total Return and Management Expense Ratio



FINANCIAL HIGHLIGHTS

REVIEW OF OPERATIONAL RESULT (FY2023 VS FY2022)

REVENUE¹


10%

(RM'000)

704,548 FY2023

639,461 FY2022

Overall improvement was backed by strong retail and hotel segments' performance, partially offsetting impact from asset recycling in the services segment.



Retail



11%

(RM'000)

472,895 FY2023

426,852 FY2022

Retail segment improvement was bolstered by full-year revenue contribution from Sunway Carnival Mall in an underserved market, alongside a sustained improvement in tenant sales through strong consumer spending and retail footfall from the flagship Sunway Pyramid Mall.



Hotel



38%

(RM'000)

87,096 FY2023

63,298 FY2022

Sharp improvement as Hotel segment transitions to post-pandemic since 1 April 2022. International tourists saw a gradual return with normalcy expected in FY2024. The hotel segment's average occupancy rate improved from 54% to 64% during the year, backed by tourist arrivals recovering to 80% compared to pre-pandemic level.



Office



4%

(RM'000)

82,625 FY2023

79,342 FY2022

The improvement was supported by positive rental reversion and sustained occupancy rates (FY2023: 84% vs FY2022: 83%).



Services



-13%

(RM'000)

55,157¹ FY202363,195¹ FY2022

Services segment was impacted by the disposal of Sunway Medical Centre (Tower A & B) which was completed in August 2023.



Industrial & Others



0%

(RM'000)

6,775 FY2023

6,774 FY2022

The performance was stable and it is anticipated to see improvement next year as Sunway REIT Industrial - Petaling Jaya 1 has secured a tenancy occupying approximately 27% of NLA.

¹ Excluded unrealised income in relation to unbilled lease income receivable pursuant to MFRS 16 Leases.

FINANCIAL HIGHLIGHTS

REVIEW OF OPERATIONAL RESULT (FY2023 VS FY2022)



Retail

5%



(RM'000)

320,806

..... FY2023

307,098

..... FY2022

NPI grew at a slower rate, impacted by cost inflation and a lower reversal of provision.



Hotel

39%



(RM'000)

82,365

..... FY2023

59,439

..... FY2022

NPI improved in tandem with the increase in revenue.

Overall improvement was backed by strong retail and hotel segments' performance, partially offsetting impact from asset recycling in the services segment.

NPI¹

6%



(RM'000)

515,756

..... FY2023

488,253

..... FY2022



Office

1%



(RM'000)

52,172

..... FY2023

51,775

..... FY2022

NPI grew marginally despite an overall increase in costs.



Services

-13%



(RM'000)

55,157¹

..... FY2023

63,195¹

..... FY2022

Services segment was impacted by the disposal of Sunway Medical Centre (Tower A & B) which was completed in August 2023.



Industrial & Others

-22%



(RM'000)

5,256

..... FY2023

6,746

..... FY2022

Industrial & Others segment was impacted by an increase in operating costs at Sunway REIT Industrial - Petaling Jaya 1.

¹ Excluded unrealised income in relation to unbilled lease income receivable pursuant to MFRS 16 Leases.

FINANCIAL HIGHLIGHTS

REVIEW OF OPERATIONAL RESULT (FY2023 VS FY2022)

Realised profit (RM'000)

-3% ▼

319,022FY2023

328,228FY2022

Despite a lower realised profit, DPU was boosted by increased distribution of 100% from 96% in FY2022.

DPU (sen)

1% ▲

9.30FY2023

9.22FY2022

Despite a lower realised profit, DPU increased and Sunway REIT distributed 100% of distributable profit compared to 96% in FY2022.

Interim DPU (sen)

9% ▲

4.621H2023

4.221H2022

Higher interim DPU mainly contributed by the better performance from retail and hotel segments.

Final DPU (sen)

-6% ▼

4.682H2023

5.002H2022

Lower final DPU due to Sunway Medical Centre (Tower A & B) disposal which was completed in August 2023 and higher finance cost.

Finance cost (RM'000)

39% ▲

(138,949)FY2023

(100,050)FY2022

Higher finance cost was due to full impact of 100 basis points OPR hike in FY2022 and also 25 basis points OPR hike in FY2023. Average finance cost increased from 2.98% to 3.80% in FY2023.

FINANCIAL HIGHLIGHTS

SEGMENTAL REVIEW

Property	Revenue ¹			Net Property Income ¹		
	FY2023 RM'000	FY2022 RM'000	Change %	FY2023 RM'000	FY2022 RM'000	Change %
Sunway Pyramid Mall	351,389	324,037	8.4%	258,522	256,263	0.9%
Sunway Carnival Mall	68,039	50,672	34.3%	37,560	23,164	62.1%
SunCity Ipoh Hypermarket	3,341	3,360	(0.6%)	3,299	3,271	0.9%
Sunway Putra Mall	49,891	48,599	2.7%	23,675	25,003	(5.3%)
Sunway Pier	235	184	27.7%	(2,250)	(603)	>100.0%
Total for Retail Segment	472,895	426,852	10.8%	320,806	307,098	4.5%
Sunway Resort Hotel	25,286	10,055	>100.0%	23,819	9,199	>100.0%
Sunway Pyramid Hotel	28,910	14,150	>100.0%	28,091	13,486	>100.0%
Sunway Lagoon Hotel	12,138	22,998	(47.2%)	11,488	22,282	(48.4%)
Sunway Hotel Seberang Jaya	3,033	1,696	78.8%	2,819	1,514	86.2%
Sunway Putra Hotel	11,106	7,644	45.3%	9,749	6,407	52.2%
Sunway Hotel Georgetown	6,623	6,755	(2.0%)	6,399	6,551	(2.3%)
Total for Hotel Segment	87,096	63,298	37.6%	82,365	59,439	38.6%
Menara Sunway	17,151	17,177	(0.2%)	10,454	10,760	(2.8%)
Sunway Tower	4,689	3,608	30.0%	(574)	92	(>100.0%)
Sunway Putra Tower	12,347	12,826	(3.7%)	7,214	8,100	(10.9%)
Wisma Sunway	6,980	6,961	0.3%	3,934	3,870	1.7%
Sunway Pinnacle	41,458	38,770	6.9%	31,144	28,953	7.6%
Total for Office Segment	82,625	79,342	4.1%	52,172	51,775	0.8%
Sunway Medical Centre (Tower A & B) ²	17,625	26,439	(33.3%)	17,625	26,439	(33.3%)
Sunway university & college campus	37,532	36,756	2.1%	37,532	36,756	2.1%
Total for Services Segment	55,157	63,195	(12.7%)	55,157	63,195	(12.7%)
Sunway REIT Industrial - Shah Alam 1	6,775	6,774	0.0%	6,722	6,774	(0.8%)
Sunway REIT Industrial - Petaling Jaya 1	-	-	-	(1,466)	(28)	>100.0%
Total for Industrial & Others Segment	6,775	6,774	0.0%	5,256	6,746	(22.1%)
Total Portfolio	704,548	639,461	10.2%	515,756	488,253	5.6%

Remarks:

¹ Excluded unrealised income in relation to unbilled lease income receivable pursuant to MFRS 16 Leases.² Rental contribution ceased on 30th August 2023.

FINANCIAL HIGHLIGHTS

REVIEW OF FINANCIAL POSITION

Statement of Financial Position - Key Data & Financial Ratios	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2020 RM'000	As at 30 June 2019 RM'000
Investment properties	8,912,360	8,622,501	8,701,745	8,020,233	8,047,410
Investment properties - accrued lease income	59,640	48,499	36,514	16,930	-
Other non-current assets	18,119	16,576	12,427	12,902	12,517
Current assets	548,504	295,795	399,787	410,180	98,111
Non-current asset held for sale	-	430,000	-	-	-
Total asset value	9,538,623	9,413,371	9,150,473	8,460,245	8,158,038
Non-current liabilities	(2,115,461)	(1,997,417)	(1,881,024)	(1,892,465)	(91,859)
Current liabilities	(1,907,083)	(1,887,976)	(1,804,239)	(1,798,006)	(3,269,623)
Total liabilities	(4,022,544)	(3,885,393)	(3,685,263)	(3,690,471)	(3,361,482)
Net Asset Value ("NAV")	5,516,079	5,527,978	5,465,210	4,769,774	4,796,556
Perpetual note holders' funds	(339,717)	(339,717)	(339,717)	(339,717)	(339,717)
Total unitholders' funds	5,176,362	5,188,261	5,125,493	4,430,057	4,456,839
NAV attributable to unitholders (before income distribution)	5,176,362	5,188,261	5,125,493	4,430,057	4,456,839
NAV attributable to unitholders (after income distribution)	5,016,081	5,017,021	5,029,598	4,359,964	4,389,691
NAV per unit attributable to unitholders (before income distribution) (RM)	1.5114	1.5149	1.4966	1.5042	1.5133
NAV per unit attributable to unitholders (after income distribution) (RM)	1.4646	1.4649	1.4686	1.4804	1.4905
Lowest NAV per unit attributable to unitholders during the year/period (RM)	1.4646	1.4649	1.4686	1.4804	1.4544
Highest NAV per unit attributable to unitholders during the year/period (RM)	1.4651	1.4759	1.4827	1.4905	1.4905
Closing unit price (RM)	1.54	1.46	1.41	1.62	1.87
Premium/(discount) to NAV (%)	5.1	(0.3)	(4.0)	9.4	25.5











FINANCIAL HIGHLIGHTS

REVIEW OF CASH FLOW POSITION

	FY2023 RM'000	FY2022 RM'000	Operating Activities
Operating Activities	445,618	434,987	Net cash from operating activities increased due to the cash receipt from lessees and tenants, partially offset by cash paid for operating expenses.
Investing Activities	135,372	(265,492)	Investing Activities
Capex + Investment properties	124,829	(320,088)	Net cash from investing activities increased due to the receipt of balance proceeds from the disposal of Sunway Medical Centre (Tower A & B), which sufficiently offset payment of earnest deposit for the acquisition of Giant and progressive payment for ongoing AEl.
Net investment in money market	-	50,000	
Interest income	10,543	4,596	
Financing Activities	(406,923)	(208,800)	Financing Activities
Net drawdown of borrowings	78,951	147,659	Net cash used in financing activities increased due to higher interest payment and income distribution, and a lower drawdown of borrowings to fund the capital expenditure.
Interest paid	(136,572)	(96,038)	
Distribution to perpetual note holders	(19,836)	(19,999)	
Distribution to unitholders	(329,466)	(240,422)	
Net increase/(decrease) in cash and cash equivalents	174,067	(39,305)	
Cash and cash equivalents at beginning of financial year	251,238	290,543	Increased cash and bank balances was due to higher net cash from operating activities and investing activities.
Cash and cash equivalents at end of financial year	425,305	251,238	

FINANCIAL HIGHLIGHTS

PERFORMANCE BENCHMARK

		FY2022		FY2023	
1	Management Expense Ratio ("MER") (%)	0.88		0.90	MER for the two years were largely the same.  For historical levels of MER, please refer to Five-year Financial Information section.  For more information on the calculation of MER verified by the auditors, please refer to Note 30 of the Notes to the Financial Statements in the Audited Financial Statements section.
2	Total return (%)	9.8		11.5	Improvement in FY2023 was mainly from higher unit price.
3	Average total return (5 years) (%)	1.3		2.6	Higher five-year average total return contributed by improved total return in FY2023.
4	Average total return (3 years) (%)	(3.1)		3.7	The three-year average total return has turned positive, steered by positive total returns for FY2023 and FY2022.
5	Distribution yield (%)	6.3		6.0	Lower distribution yield in FY2023 due to the impact of higher finance cost and higher unit price.
6	NAV per unit attributable to unitholders (after income distribution) (RM)	1.4649		1.4646	NAV per unit was largely unchanged as Sunway REIT distributed 96% of its distributable income in FY2022 and 100% in FY2023.
7	Closing Unit Price (RM)	1.46		1.54	The increase in closing unit price was boosted by positive investor sentiment in FY2023, in line with Bursa Malaysia REIT Index.  For unit price performance of Sunway REIT, please refer to Trading Performance section.

Remarks:

- Ratio of trust expenses in operating Sunway REIT to the NAV (after income distribution).
- Changes in unit price of Sunway REIT from the beginning up to the end of the financial year plus distribution yield for the financial year.
- Sum of the total returns of Sunway REIT over a given number of years divided by that number of years.
- Based on DPU divided by the closing unit price.
- Determined by deducting the value of all Sunway REIT's liabilities from its total asset value as at end of financial year and after the proposed final income distribution for the financial year, divided by the number of issued units.
- Based on the unit price as at year end.

VALUE ADDED STATEMENT

Value Created
in FY2023

RM521.1
million was distributed

Manager and Trustee

8.6%

RM44.7 million distributed to the manager and trustee, as the manager's fee and trustee's fee respectively.

Providers of Capital

91.4%

RM476.4 million distributed to providers of capital (which are financial institutions, perpetual note holders and unitholders) and retained for reinvestment and growth.

Value Added	FY2023 RM'000	FY2022 RM'000	Value Distributed	FY2023 RM'000	FY2022 RM'000
Total Turnover	715,689	651,446	Manager and Trustee		
Purchase of Goods and Services	(188,792)	(151,208)	Manager's Fee	43,934	42,388
Other Expenses	(5,788)	(33,950)	Trustee's Fee	770	770
Total Value Added	521,109	466,288	Providers of Capital		
Reconciliation			Finance Costs	138,949	100,050
Total Comprehensive Income for the Year	337,456	323,080	Perpetual Note Distribution ¹	19,889	19,890
Add :			Income Distribution ²	318,507	315,767
Finance Costs	138,949	100,050	Reinvestment and Growth		
Manager's Fee	43,934	42,388	Undistributed Loss ³	(940)	(12,577)
Trustee's Fee	770	770			
Total Value Added	521,109	466,288	Total Value Distributed	521,109	466,288

- The value distributed for the year was primarily for **Providers of Capital** in line with Sunway REIT's business model where the investments are funded by equity and borrowings in high level proportion of 60 : 40, with income distribution payout of approximately 100%.
- The Trust does not have any employee. It is managed by the Manager and overseen by the Trustee in accordance with the Deed and the Listed REIT Guidelines. Thus, the value distributed to **Manager and Trustee** during the year was based on the asset value and performance achieved by Sunway REIT.
- As Sunway REIT aims to distribute 100% of its realised profit to its unitholders, usually there is no value left to be distributed for **Reinvestment and Growth**. Future growth is funded by equity or borrowings or combination of both, as well as from asset recycling.
- No value was distributed to **Government** during the year as Sunway REIT is exempted from tax, under the tax transparency system in accordance with Section 61A of Malaysian Income Tax Act 1967, with almost 100% income distribution payout for FY2023.

1. In respect of amount reserved and distribution paid to perpetual note holders.

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 comprises unrealised loss.

CAPITAL MANAGEMENT

HIGHLIGHTS IN 2023

- Secured an AA2 corporate credit rating for Sunway REIT, the first amongst the M-REITs to obtain its own corporate credit rating.
- Secured inaugural A1(s) rating for its previously unrated RM10.0 billion Perpetual Note Programme, the long term rating has a stable outlook.
- Reaffirmed P1(s) rating for its RM3.0 billion Commercial Papers Programme in recognition of the strong capacity to meet its short-term financial obligations.
- Successfully converted 97.5% of the borrowings to sustainable finance, with the total commitment for sustainable finance of approximately RM4.7 billion in 2023.
- Successfully refinanced all borrowings due during the financial year totaling RM1.6 billion.
- One of the lowest average cost of debt amongst M-REITs of 3.80%.
- Healthy gearing level of 38.1%.

THREE-PRONGED APPROACH

1) Optimal Gearing Level

Sunway REIT has a gearing policy of not exceeding 50% of its total asset value in accordance with the Listed REIT Guidelines and the Manager sets a lower internal threshold as a pre-emptive measure to provide a buffer above the minimum regulatory requirement. Based on the allowed gearing limit of 50%, Sunway REIT has large debt headroom of approximately RM1.1 billion to fund investment opportunities.

During the financial year, Sunway REIT completed the disposal of Sunway Medical Centre (Tower A & B). Net proceeds from disposal of RM417 million allowed Sunway REIT to expediently fund yield-accretive investment(s) and manage the gearing level of Sunway REIT. Part of the net proceeds amounting to RM67 million has been utilised to pay the deposits for three yield-accretive proposed acquisitions. The proposed acquisitions are expected to be completed in 2024.

Total borrowings of Sunway REIT inched up marginally by RM0.1 billion to RM3.6 billion due to net borrowings for capital expenditure during the financial year. As at 31 December 2023, gearing of Sunway REIT has remained relatively stable at around 38%.

The Manager will optimise gearing on opportunistic yield-accretive acquisitions and capital expenditure. Over the longer horizon, the Manager strives to maintain the gearing level around 45% and reviews the opportunity to undertake equity financing when appropriate.

2) Balanced Debt Portfolio

Sunway REIT has an internal policy to keep the fixed rate borrowings of at least 30% to reduce the exposure to potential interest rate hikes.

During the financial year, the Manager has kept the fixed rate borrowings of Sunway REIT at lower-end range of 30% to capitalise on the stable market interest rates. For FY2023, Sunway REIT continued the record as one of the lowest average cost of debt amongst the M-REITs at 3.80%, with the fixed rate borrowings at 34% as at 31 December 2023.

In the near term, the Manager envisages to keep the fixed rate borrowings around its internal threshold to allow Sunway REIT to continue to benefit from the re-pricing of market interest rates in view that the overnight policy rate is expected to maintain at current level supported by the accommodativeness of national monetary policy overseen by Bank Negara Malaysia. Over the longer horizon, the Manager continues to monitor for opportunities to lock in favourable fixed rates with longer tenure and to hedge through interest rate swap contracts.

3) Dynamic and Well-Diversified Financing Profile

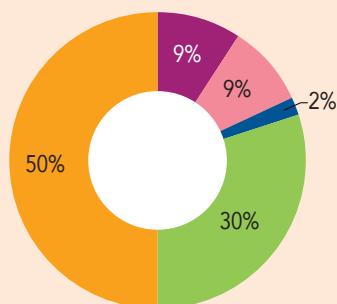
The resilience capital management of Sunway REIT was underpinned by a diversified financing profile comprising loans and debt securities, in both local and foreign currencies, providing a flexible funding structure for short and mid-term horizon.

Refinancing risk was moderated by Sunway REIT's adequate credit profile and robust balance sheet, coupled with the strong support of reputable financiers to Sunway Group. Sunway REIT recorded a strong interest service cover ratio of 3.5 times for FY2023, well above the debt covenant level.

During the financial year, RAM Rating Services Berhad assigned an AA2 corporate credit rating to Sunway REIT, A1(s)/Stable rating to its previously unrated RM10.0 billion Perpetual Note Programme and affirmed the P1(s) rating for its RM3.0 billion Commercial Papers Programme. The rating was premised on Sunway REIT's credit fundamentals and favourable market position with a prime and diversified asset and tenant mix, substantial financial flexibility, and healthy debt coverage.

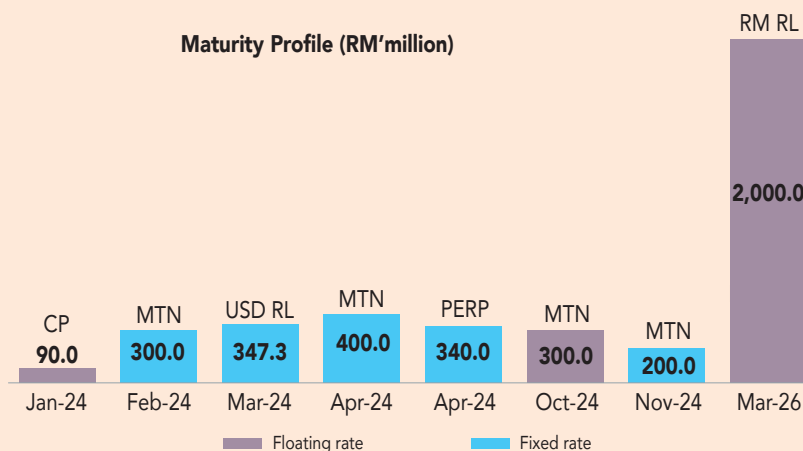
The Manager has successfully refinanced borrowings of various maturities totaling RM1.6 billion during the financial year. As at 31 December 2023, the weighted average debt maturity of Sunway REIT stood at 1.3 years.

CAPITAL MANAGEMENT

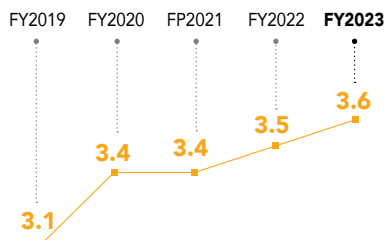


RM Revolving Loan ("RM RL")
 Unrated Medium Term Notes ("MTN")
 USD Revolving Loan ("USD RL")
 Perpetual Note ("PERP")
 Commercial Paper ("CP")

Maturity Profile (RM'million)

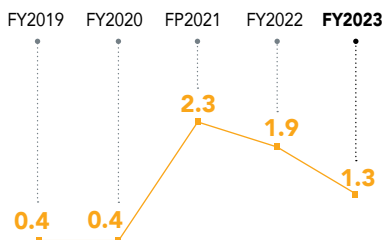


FIVE-YEAR PERFORMANCE



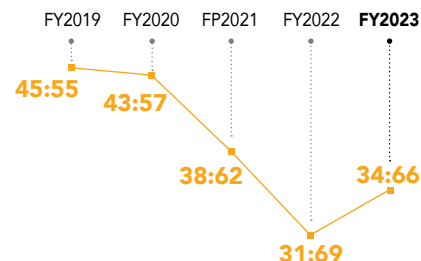
Total borrowings (RM'billions)

Total borrowings edged up due to increase in net borrowings for capital expenditure.



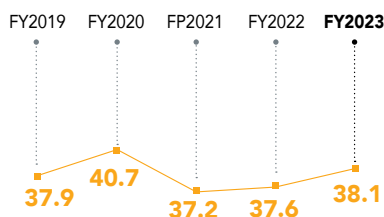
Average debt maturity period (years)

Average debt maturity period reduced as shorter tenure debt was preferred, avoiding the premium for longer tenure debt.



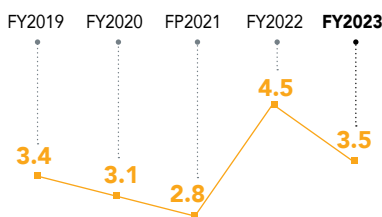
Fixed: Floating ratio

The Manager converted a portion of floating borrowings into fixed borrowings in view of a more stable monetary policy.



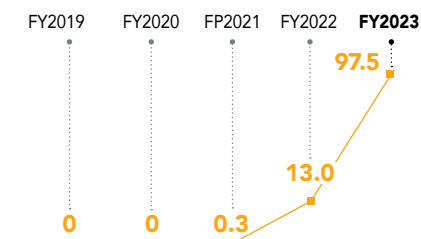
Gearing ratio (%)

Gearing edged up due to increase in net borrowings for capital expenditure.



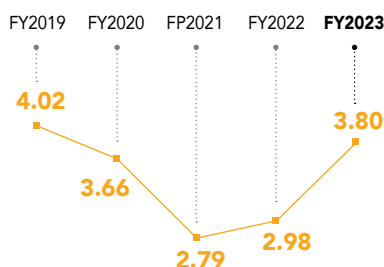
Interest service cover ratio (times)

Reduction in interest service cover ratio due to increase in average cost of debt.



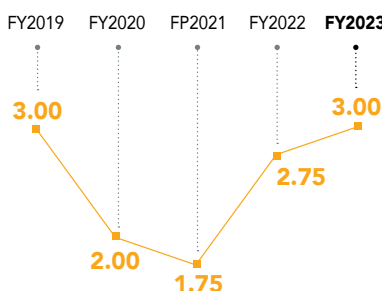
Sustainable finance (%)

The Manager structured most of Sunway REIT's borrowings with sustainable finance mechanism.



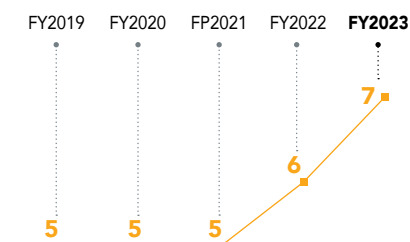
Average cost of debt (%)

Average cost of debt increased in tandem with the OPR hikes totaling 125 basis points since beginning of 2022.



Overnight Policy Rate ("OPR") (%)

There was 25 basis points OPR hike in FY2023, compared with 100 basis points OPR hike in FY2022.



No. of financiers

Sunway REIT attracted a larger pool of financiers with its solid credit profile and efforts on sustainable finance.

FAIR VALUE OF INVESTMENT PROPERTIES

In RM'million			FY 2023	FY 2022		FY 2023	FY 2022
			FAIR VALUE		VARIANCE	PROPERTY YIELD	
RETAIL	Selangor	Sunway Pyramid Mall	3,900	3,840	60.0	6.6% ¹	6.7%
	Penang	Sunway Carnival Mall	900	700	200.0	4.2%	3.3%
	Kuala Lumpur	Sunway Putra Mall	525	525	-	4.5%	4.8%
	Selangor	Sunway Pier	33	55	(22.0)	(6.8%)	(1.1%)
	Perak	SunCity Ipoh Hypermarket	55	55	-	6.0%	5.9%
HOTEL	Selangor	Sunway Resort Hotel	730	695	35.0	3.3% ¹	1.3%
	Selangor	Sunway Pyramid Hotel	345	345	-	8.1% ¹	3.9%
	Selangor	Sunway Lagoon Hotel	310	307	3.0	3.7% ¹	7.3%
	Kuala Lumpur	Sunway Putra Hotel	334	330	4.0	2.9%	1.9%
	Penang	Sunway Hotel Seberang Jaya	52	55	(3.0)	5.4%	2.8%
	Penang	Sunway Hotel Georgetown	84	80	4.0	7.6%	8.2%
OFFICE	Selangor	Menara Sunway	178	174	4.0	5.9%	6.2%
	Kuala Lumpur	Sunway Tower	115	115	-	(0.5%)	0.1%
	Kuala Lumpur	Sunway Putra Tower	135	133	2.0	5.3%	6.1%
	Selangor	Wisma Sunway	60	60	-	6.6%	6.5%
	Selangor	Sunway Pinnacle	470	466	4.0	6.6%	6.2%
SERVICES	Selangor	Sunway university & college campus	580	575	5.0	6.5%	6.4%
	Selangor	Sunway Medical Centre (Tower A & B)	-	430	(430.0)	-	6.1%
INDUSTRIAL & OTHERS	Selangor	Sunway REIT Industrial - Shah Alam 1	105	100	5.0	6.4%	6.8%
	Selangor	Sunway REIT Industrial - Petaling Jaya 1	61	61	-	(2.4%)	-
Total			8,972	9,101	(129.0)	5.7%	5.4%

Add: Disposal during the year 430.0

Less: Capital expenditure during the year (300.5)

Fair Value Gain 0.5

¹ As some of the spaces in the Cluster Hotels (namely Sunway Resort Hotel, Sunway Pyramid Hotel and Sunway Lagoon Hotel) were repurposed into retail lots, the adjusted yield (after reallocating the retail portion to the hotels) for the Cluster Hotels will be 5.2%, an increase from 4.6%. Accordingly, the adjusted yield for Sunway Pyramid Mall will shrink marginally from 6.6% to 6.4%.

FAIR VALUE OF INVESTMENT PROPERTIES

In RM'million		RETAIL	HOTEL	OFFICE	SERVICES	INDUSTRIAL & OTHERS	Fair Value of Investment Properties
FAIR VALUE	FY2023	5,413	1,855	958	580	166	8,972
	FY2022	5,175	1,812	948	1,005	161	9,101

		RETAIL	HOTEL	OFFICE	SERVICES	INDUSTRIAL & OTHERS	Property Yield of Investment Properties
PROPERTY YIELD	FY2023	5.9%	4.4%	5.4%	6.5%	3.2%	5.7%
	FY2022	5.9%	3.3%	5.5%	6.3%	4.2%	5.4%

TRADING PERFORMANCE

Sunway REIT's Unit Price Performance vs Performance Benchmarks in FY2023

FY2023

YTD Q1

Sunway REIT
+9.6%

BM REIT
+3.4%

FBM KLCI
-4.9%

Sunway REIT's unit price rebounded in January 2023 buoyed by the temporary halt in interest rate hike and increase anticipation of the return of Chinese tourist arrivals. Sunway REIT's unit price peaked at RM1.66 on 7 February 2023.

YTD Q2

Sunway REIT
+6.8%

BM REIT
+0.5%

FBM KLCI
-7.9%

Sunway REIT's unit price demonstrated positive movement in 1H2023, however it declined gradually starting in May 2023 due to an OPR hike announced on 3 May 2023 as well as the continued tight monetary policy globally.

YTD Q3

Sunway REIT
+0%

BM REIT
+0.4%

FBM KLCI
-4.8%

Sunway REIT's unit price held up despite foreign institutional selling, prompted by the exclusion of Sunway REIT from the FBM Emas Index in June 2023, and negative market sentiment from BNM's continued tight monetary policy.

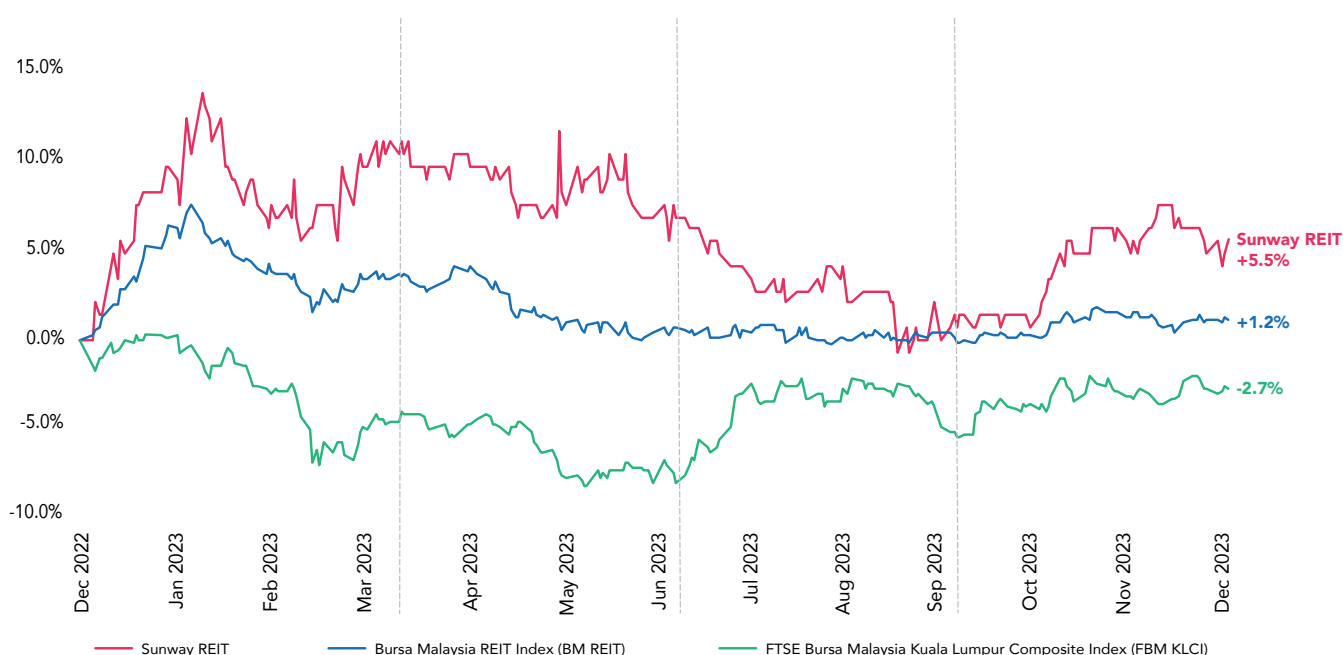
YTD Q4

Sunway REIT
+5.5%

BM REIT
+1.2%

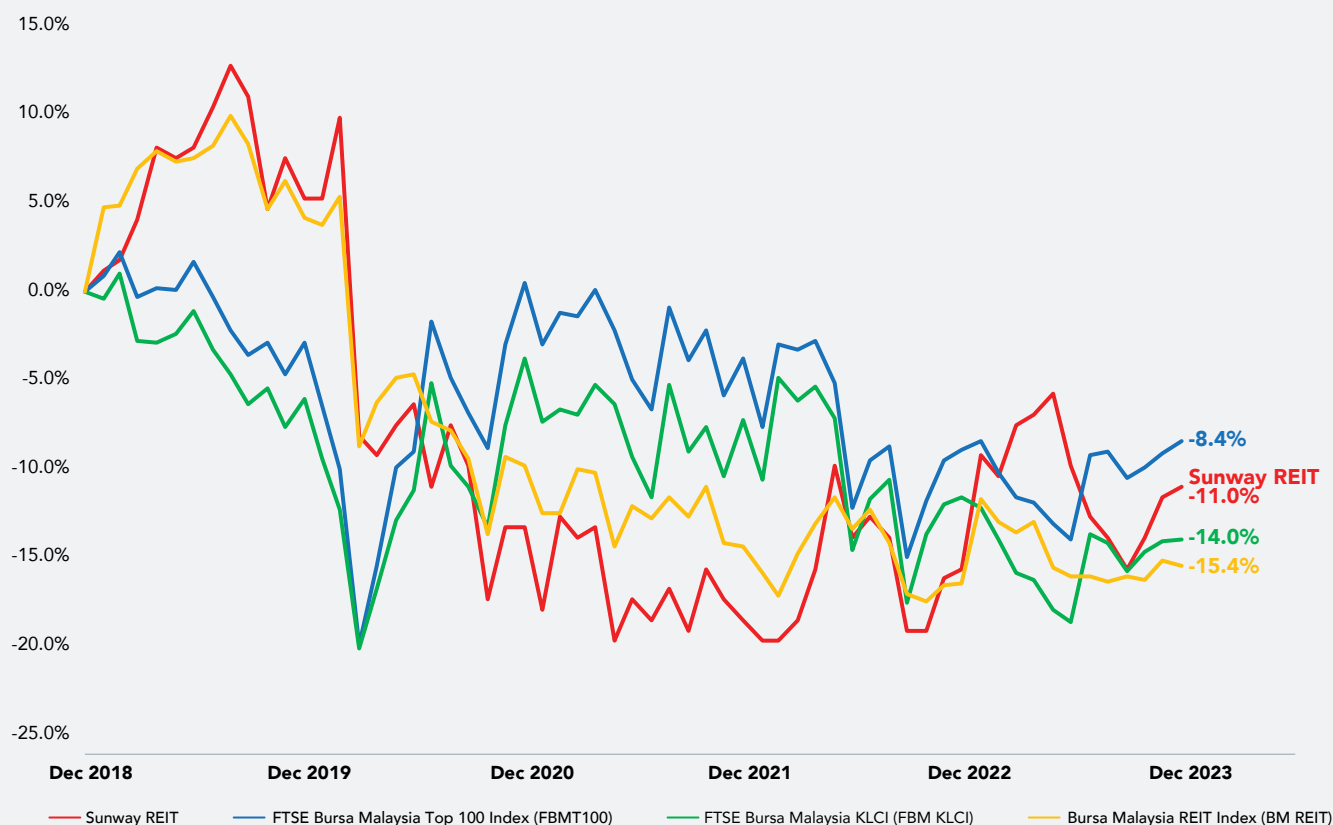
FBM KLCI
-2.7%

Sunway REIT's unit price rebounded from the previous quarter's sell-down, supported by positive sentiment of a soft landing worldwide and the anticipated rate cut by the United States Federal Reserve in 2024.

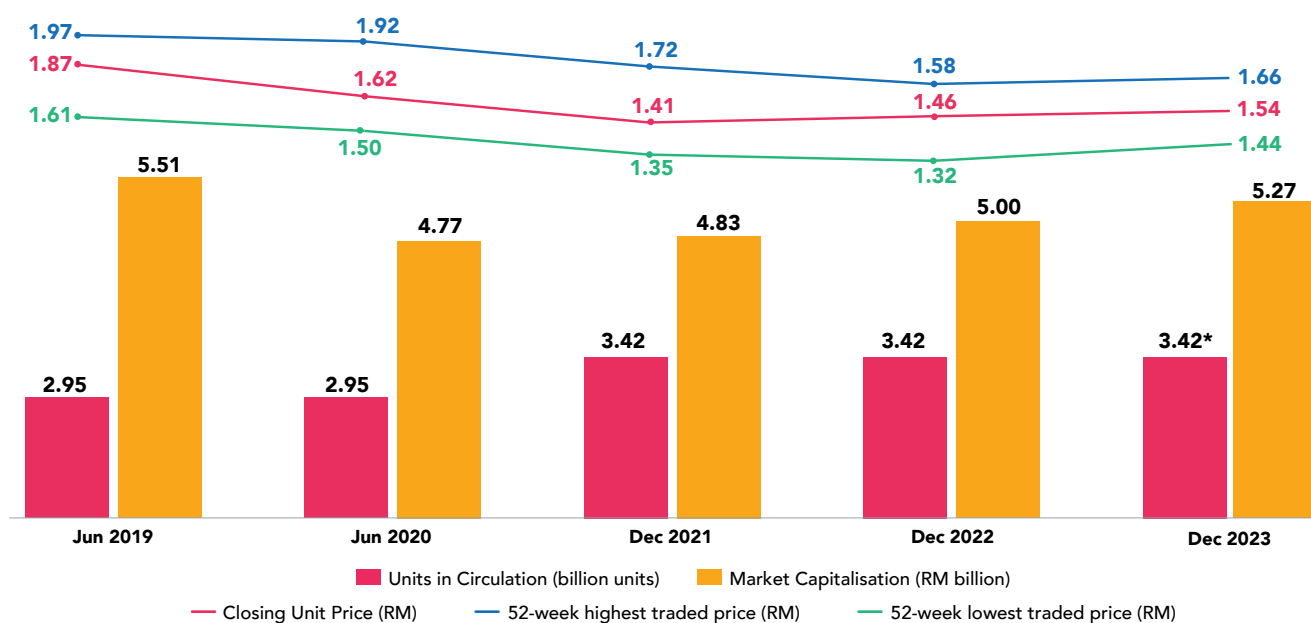


TRADING PERFORMANCE

Sunway REIT's Five-year Unit Price Performance vs Benchmark Indices



Market Capitalisation, Unit Price and Units In Circulation

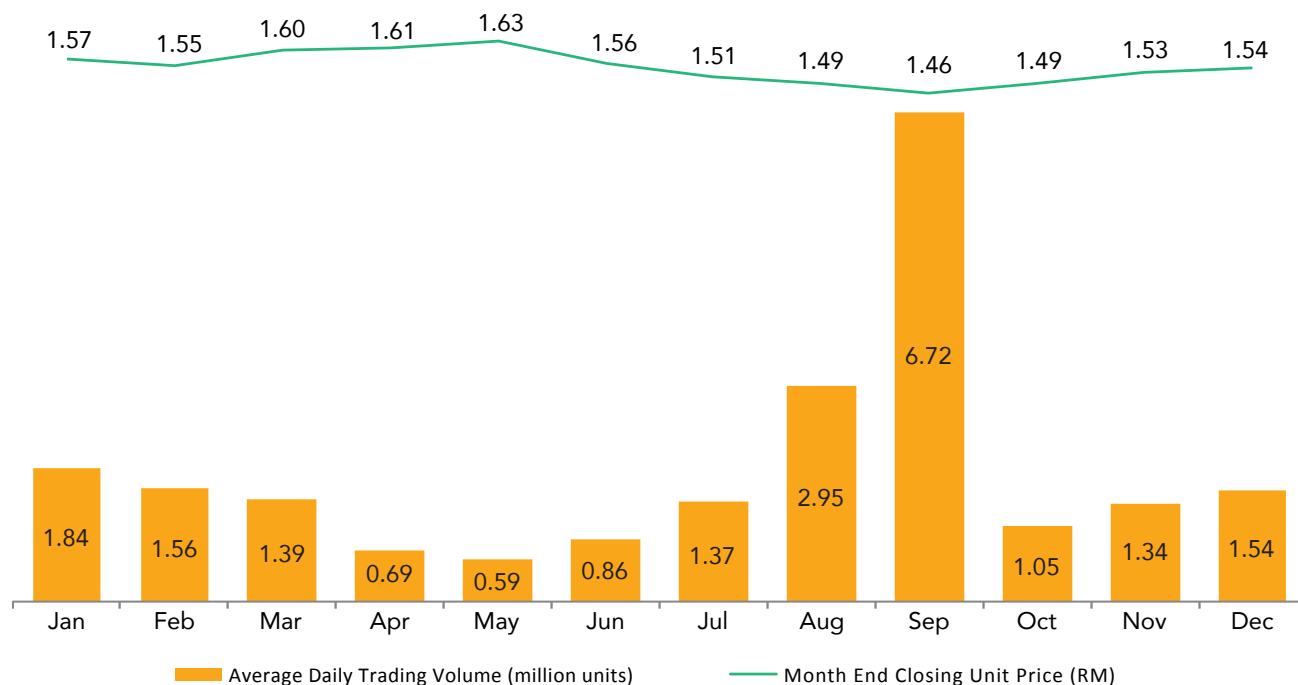


* Free-float comprises 59.1% (2,024,061,350 units) of 3,424,807,700 units in circulation.

Source: Sunway REIT, Bloomberg

TRADING PERFORMANCE

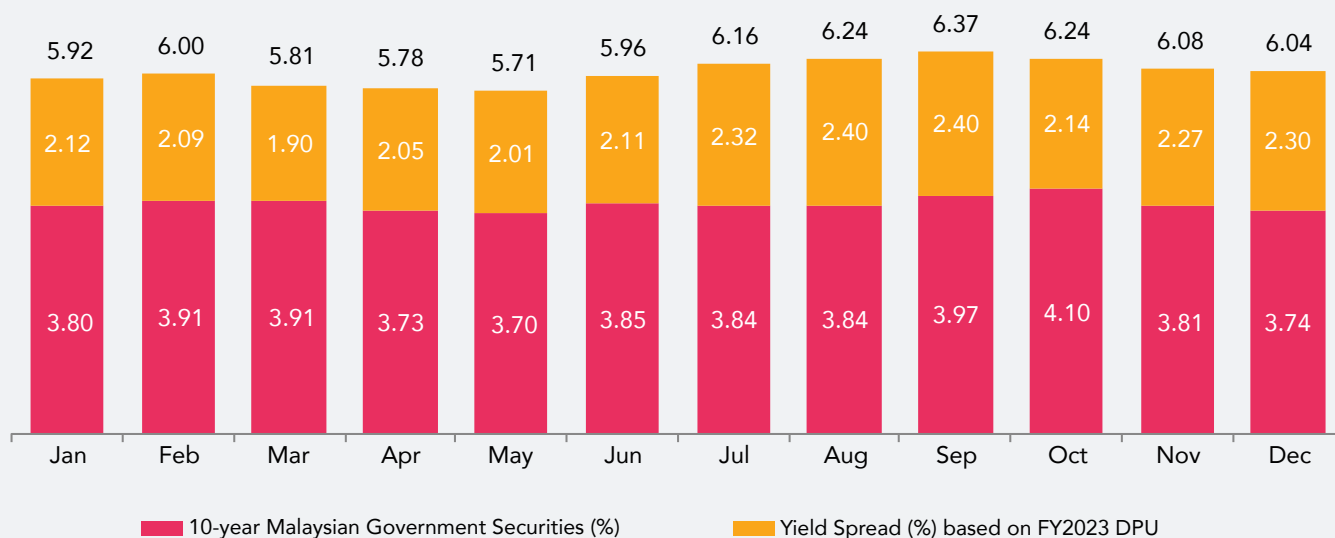
Monthly Trading Performance (FY2023)



Note: All information stated based on month-end data

Source: Sunway REIT, Bloomberg

Monthly Yield Comparison (FY2023)

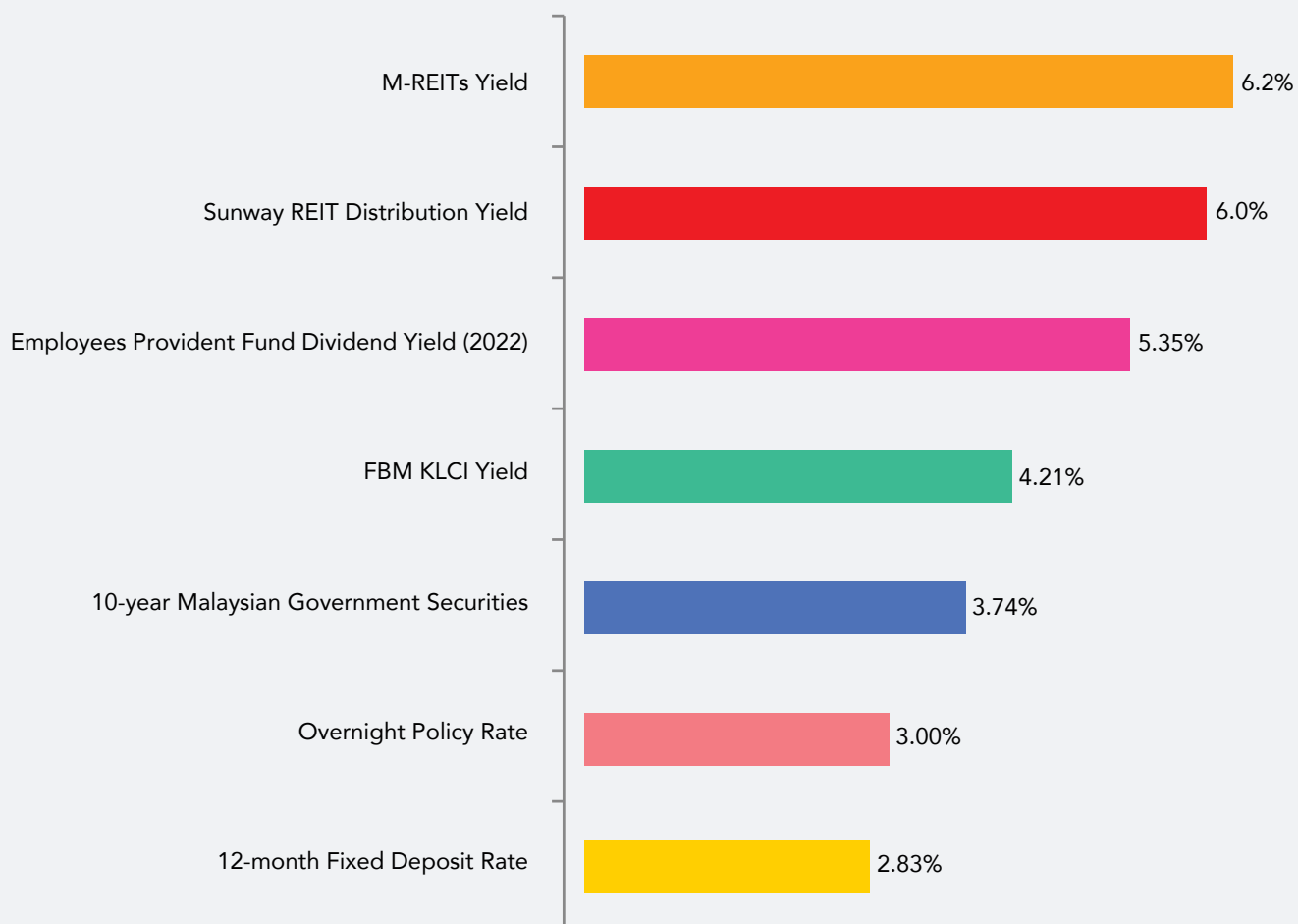


Note: All information stated based on month-end data.

Source: Sunway REIT, Bloomberg, Bank Negara Malaysia

TRADING PERFORMANCE

Comparative Yields (as at 31 December 2023)



Source: Sunway REIT, Bloomberg, Bank Negara Malaysia, Bursa Malaysia, Employees Provident Fund

PORTFOLIO CAPITAL

No. of Assets:

19

Sunway REIT's Portfolio Capital encompasses well-diversified and high-quality assets categorised into five classes, namely Retail, Hotel, Office, Services and Industrial & Others segments. The approach to managing the Portfolio Capital revolves around a combination of organic and inorganic growth strategised to deliver sustainable value to its stakeholders. These strategies include yield-accretive asset acquisitions, property developments, asset enhancement initiatives, optimising tenancy mix, and proactive leasing initiatives, etc.

PROPERTY VALUE

RM9.0 billion

RETAIL



5

Sunway Pyramid Mall
Sunway Carnival Mall
Sunway Putra Mall
SunCity Ipoh Hypermarket
Sunway Pier

SERVICES



1

Sunway university & college campus

HOTEL



6

Sunway Resort Hotel
Sunway Pyramid Hotel
Sunway Lagoon Hotel
Sunway Hotel Seberang Jaya
Sunway Putra Hotel
Sunway Hotel Georgetown

INDUSTRIAL & OTHERS



2

Sunway REIT Industrial – Shah Alam 1
Sunway REIT Industrial – Petaling Jaya 1

OFFICE



5

Menara Sunway
Sunway Tower
Sunway Putra Tower
Wisma Sunway
Sunway Pinnacle

PROPERTY DETAILS



RETAIL



Level CP6, Blue Atrium, Sunway Pyramid, No. 3 Jalan PJS 11/15, Sunway City, 47500 Selangor Darul Ehsan, Malaysia



Website

www.sunwaypyramid.com



Facebook

facebook.com/SunwayPyramidMall



Phone

+603 7494 3000

SUNWAY PYRAMID MALL

Since opening its doors in 1997, Sunway Pyramid 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.

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

Land Area (sq.ft.)	820,070	No. of Parking Bays	> 3,900
GFA (sq.ft.)		No. of Tenancies	718
Retail and Convention Centre	2,454,795	Value per sq.ft. (RM)	2,165 (based on existing NLA)
Car Park	1,873,470	Capitalisation Rate – Current / Reversionary (%)	6.00 / 6.50 - 7.00
NLA (sq.ft.) Retail	Circa 1,602,000¹ sq.ft. (upon completion of AEI)		
Convention Centre	143,467		

¹ The existing NLA as at the date of valuation was 1,658,219 sq.ft.

Date of Acquisition
8 July 2010

Acquisition Cost (RM'million)
2,132

Title, Expiry Date, Years Remaining

- PN 17414 Lot 62059, 21 February 2102, 78**
- PN 9495 Lot 32, 1 April 2097, 73**
- H.S(D) 259957 PT 1312, 1 April 2097, 73**
- PN 9500 Lot 51175, 1 April 2097, 73**
- H.S(D) 233143 Lot PT 891, 14 August 2105, 82**

All in Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
99 years

Encumbrance
Charged to Public Investment Bank Berhad

Year of Completion
Phase 1: 1997
Phase 2: 2007

Appraised Value (RM'million)
3,900

Date of Latest Valuation
1 December 2023

Valued by
CBRE WTW Valuation & Advisory Sdn Bhd

Age of Building
Phase 1: 26 years
Phase 2: 16 years

PROPERTY DETAILS

RETAIL



3068, Jalan Todak, Pusat Bandar Seberang Jaya, 13700 Seberang Jaya, Pulau Pinang, Malaysia



www.sunwaycarnival.com



Facebook
facebook.com/SunwayCarnivalMall



Phone
+604 202 0128

SUNWAY CARNIVAL MALL

Sunway Carnival 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 sectors 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 its enhanced offerings and all-inclusive amenities, shoppers can truly indulge in a wholesome range of offerings, from fashion boutiques and restaurants to a cineplex and a fitness centre.

Land Area (sq.ft.)	493,515	No. of Parking Bays	> 3,000
GFA (sq.ft.)		No. of Tenancies	269
Retail	1,302,653	Value per sq.ft. (RM)	1,197
Car Park	1,191,440	Capitalisation / Discount Rate (%)	6.25 / 8.00
NLA (sq.ft.)	Circa 752,000² (upon completion of AEI)		

Date of Acquisition
8 July 2010 / 27 December 2016¹

Acquisition Cost (RM'million)
232 / 17¹

Title, Expiry Date, Years Remaining

- PN 1816 Lot 5497, 21 October 2092, 69**
- PN 1817 Lot 5498, 21 October 2092, 69**
- PN 1818 Lot 5499, 21 October 2092, 69**
- PN 12175 Lot 10404¹, 21 October 2092, 69**
- PN 12302 Lot 10405¹, 3 November 2117, 94**

All in Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang

Tenure
99 years

Encumbrance
Charged to OCBC Bank (Malaysia) Berhad

Year of Completion
2007 / 2022¹

Appraised Value (RM'million)
900

Date of Latest Valuation
1 December 2023

Valued by
Knight Frank Malaysia Sdn Bhd

Age of Building
16 years (SC1) & 2 years (SC2)¹

Green Building Certification:



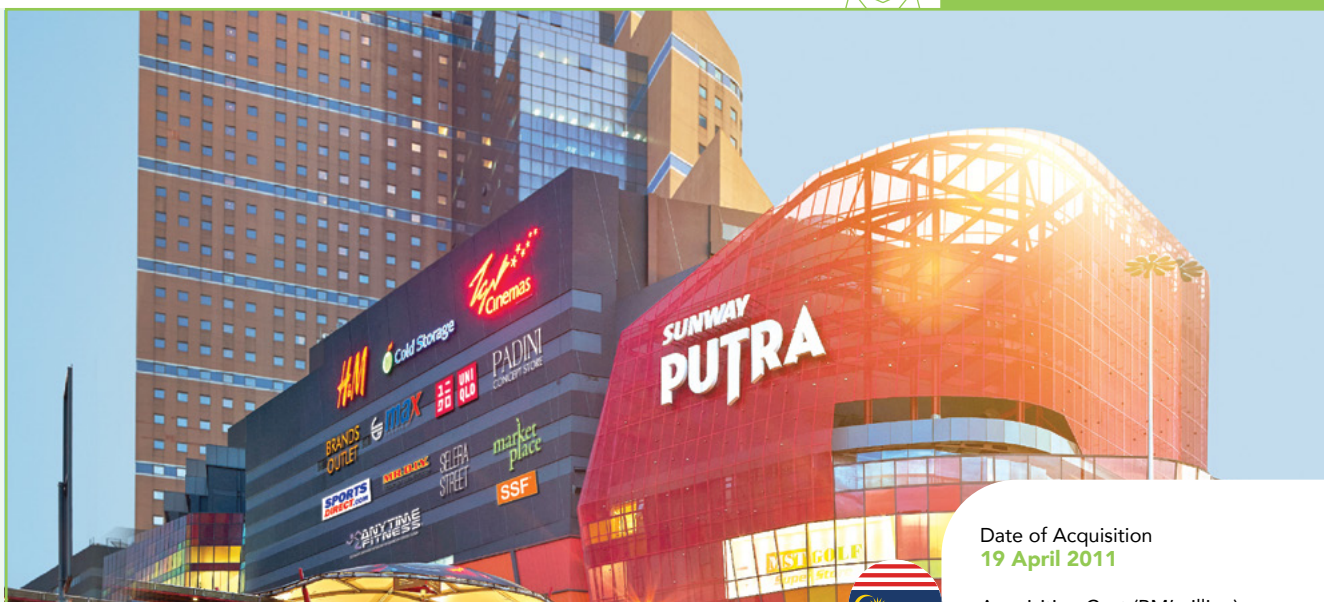
¹ Land for expansion of Sunway Carnival Mall ("New Wing" or "SC2")

² The existing NLA as at the date of valuation was 574,939 sq. ft.

PROPERTY DETAILS



RETAIL



6-2, Sunway Putra Mall, No. 100, Jalan Putra, 50350 Kuala Lumpur, Malaysia



Website

www.sunwayputramall.com



Facebook

facebook.com/SunwayPutraMall



Phone

+603 2786 9300



Date of Acquisition
19 April 2011

Acquisition Cost (RM'million)
223

Title, Expiry Date
Geran 10012, Lot 38, Seksyen 51, N/A

Kuala Lumpur, 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
1 December 2023

Valued by
Savills (Malaysia) Sdn Bhd

Age of Building
35 years

Green Building Certification:



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 local and international brands across nine levels of retail podiums. From stylish fashion to designer apparel, 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.

Land Area (sq.ft.)	193,621¹	No. of Parking Bays	> 1,490¹
GFA (sq.ft.)		No. of Tenancies	219
Retail	1,017,060	Value per sq.ft. (RM)	940
Car Park	575,000¹	Capitalisation Rate – Current / Reversionary (%)	6.25 / 6.50
NLA (sq.ft.)	558,026		

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower

PROPERTY DETAILS

RETAIL



No. 2, Jalan SCI 2/2, Sunway City Ipoh, 31150 Ipoh, Perak Darul Ridzuan, Malaysia



Website

www.tfvaluemart.com.my



Email

enquiry@tfvaluemart.com.my



Phone

+603 5613 4888

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 more than 40 outlets nationwide.

Land Area (sq.ft.)	354,994	No. of Parking Bays	> 400
GFA (sq.ft.)	193,408	No. of Tenancies	1
NLA (sq.ft.)	183,327	Value per sq.ft. (RM)	300
		Capitalisation Rate – Current / Reversionary (%)	6.75 / 7.00

Date of Acquisition

8 July 2010

Acquisition Cost (RM'million)

46

Title, Expiry Date, Years Remaining

**PN 258216 Lot 331232,
22 February 2100, 76**

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)

55

Date of Latest Valuation

1 December 2023

Valued by

Knight Frank Malaysia Sdn Bhd

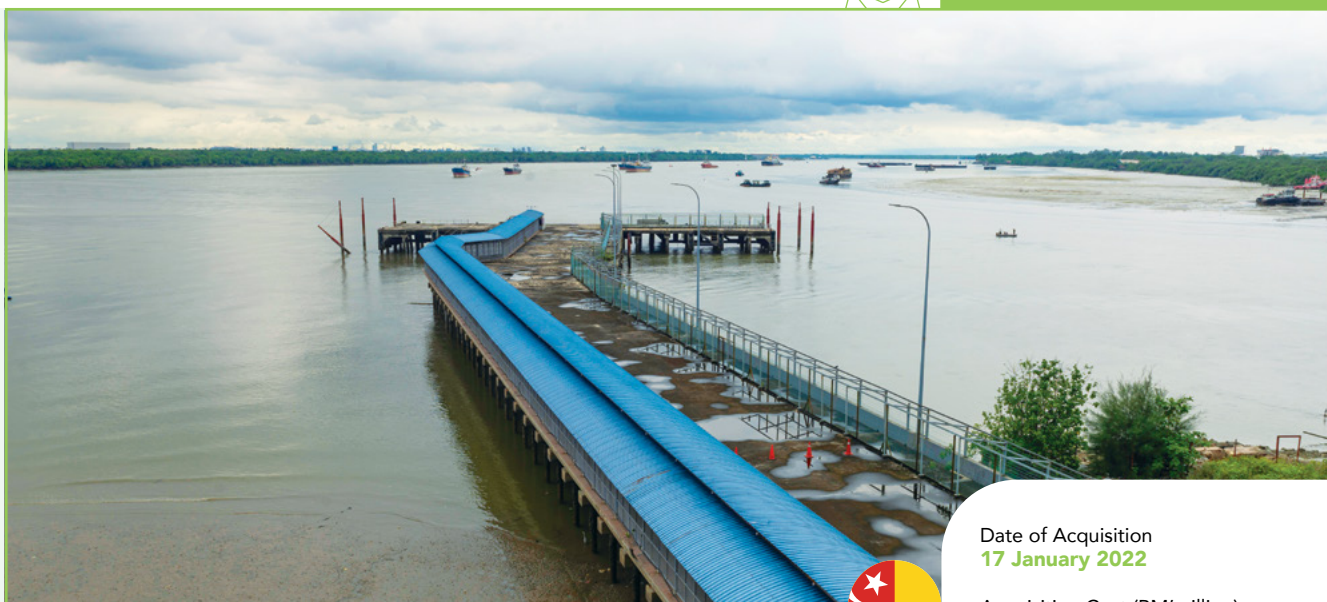
Age of Building

18 years

PROPERTY DETAILS



RETAIL



Lot PT 484, Jalan Foreshore (Jalan Syahbandar), 42000 Port Klang,
Selangor Darul Ehsan, Malaysia



Date of Acquisition
17 January 2022

Acquisition Cost (RM'million)
37

Title, Expiry Date, Years Remaining
PN 111686, Lot 10510, Seksyen 48, 13 December 2108, 85

Bandar Port Swettenham, Daerah Klang, Negeri Selangor

Tenure
99 years

Encumbrance
Nil

Year of Completion
Under development plan

Appraised Value (RM'million)
33³

Date of Latest Valuation
1 December 2023

Valued by
Knight Frank Malaysia Sdn Bhd

Age of Building
This property was bought through an auction on an "as is where is basis". As such, it was unable to obtain copies of Certificate of Completion and Compliance ("CCC") and the approved building plans to verify the age of this building.

SUNWAY PIER

Sunway Pier is currently slated for a planned redevelopment to create an international seafront tourist destination with food and beverage ("F&B"), retail and leisure offerings. Presently, the 18-acre site hosts a four-storey terminal complex building with a jetty head and approach bridge for ferries.

This property is easily accessible via the KTM Komuter station, which is just opposite the asset, and also via the existing networks of roads and highways, making it a convenient drive to and from the capital city and the population catchments of Klang Valley.

Land Area (sq.ft.)	783,074¹	No. of Parking Bays	250
GFA (sq.ft.)		No. of Tenancies	Nil
Terminal Building (sq.ft.)	132,643²	Value per sq.ft. (RM)	104 (dry land area only)
Jetty Head (sq.ft.)	17,805		
Approached Bridge	41,706		

¹ Circa 470,000 sq.ft. of the land area is submerged underwater

² The building will be demolished to make way for the redevelopment of Sunway Pier

³ Valuation on the basis as a parcel of vacant commercial redevelopment land

PROPERTY DETAILS

HOTEL



Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia



www.sunwayhotels.com



srhs.enquiry@sunwayhotels.com



+603 7492 8000

SUNWAY RESORT HOTEL

Sunway Resort Hotel is the flagship five-star hotel located at the core of Sunway City. One of the most iconic hotels in Klang Valley, it is part of a central cluster of three hotels, 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 the capital city of Kuala Lumpur.

Upon the completion of phased refurbishment works, Sunway Resort Hotel reopened with 460 guest rooms, suites and pool villas with commanding scenic views of the theme park and the resort city skyline. Well-equipped with modern conveniences and amenities, the hotel is the preferred choice for business, leisure and medical travellers.

Land Area (sq.ft.)	376,274	Average Price per Room (RM)	1,576,674
GFA (sq.ft.)	1,076,790	Capitalisation / Discount Rate (%)	6.75 / 9.00
Number of Rooms	460 rooms and 3 villas		
No. of Parking Bays	> 550		

Master Lease Details:-
Master Lessee

Sunway Resort Hotel Sdn Bhd

Duration

10 years from 8 July 2020 with an option to renew for another 10 years

Total Rent

90% of Gross Operating Profit ("GOP")

Date of Acquisition
8 July 2010

Acquisition Cost (RM'million)
445

Title, Expiry Date, Years Remaining

- PN 9492 Lot 35, 1 April 2097, 73**
- PN 9498 Lot 51173, 1 April 2097, 73**

All in Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
99 years

Encumbrance

- Charged to Public Investment Bank Berhad**
- 10 years lease to Sunway Resort Hotel Sdn Bhd expiring 7 July 2030**

Year of Completion
Sunway Resort Hotel: 1997 (Refurbished in 2022)
Three Villas: 2004 (Rebuilt in 2023)

Appraised Value (RM'million)
730

Date of Latest Valuation
1 December 2023

Valued by
CBRE WTW Valuation & Advisory Sdn Bhd

Age of Building

- Sunway Resort Hotel: 26 years**
- Three Villas: 1 year**

Note : The villas were demolished and reconstructed.

Green Building Certification:



PROPERTY DETAILS

HOTEL



Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia



Website
www.sunwayhotels.com



Email
srhs.enquiry@sunwayhotels.com



Phone
+603 7492 8000

SUNWAY PYRAMID HOTEL

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 Mall. The four-star hotel offers 564 rooms, including Family Rooms and Suites purpose-built to accommodate the increasing number of family and leisure guests.

Guest rooms and suites in Sunway Pyramid Hotel are equipped with technology-enhanced features and amenities such as complimentary Wi-Fi, smart lighting, bedside USB charger outlets, high-pressure walk-in showers and LED Smart TVs with satellite news, sports and movie channels.

Land Area (sq.ft.)	- ¹	Average Price per Room (RM)	611,702
GFA (sq.ft.)	356,888	Capitalisation / Discount Rate (%)	7.00 / 9.00
Number of Rooms	564		
No. of Parking Bays	> 550		

Master Lease Details:-
Master Lessee

Sunway Resort Hotel Sdn Bhd

Duration

10 years from 8 July 2020 with an option to renew for another 10 years

Total Rent

90% of GOP

Date of Acquisition
8 July 2010

Acquisition Cost (RM'million)
250

Title, Expiry Date, Years Remaining
PN 17415/M1/1/1 Lot 62060, 21 February 2102, 78

Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
99 years

Encumbrance
i. **Charged to Public Investment Bank Berhad**
ii. **10 years lease to Sunway Resort Hotel Sdn Bhd expiring 7 July 2030**

Year of Completion
2004
Refurbished in 2016

Appraised Value (RM'million)
345

Date of Latest Valuation
1 December 2023

Valued by
CBRE WTW Valuation & Advisory Sdn Bhd

Age of Building
19 years

¹ The hotel is on a strata title

PROPERTY DETAILS

HOTEL



Persiaran Lagoon, Bandar Sunway, 47500 Selangor Darul Ehsan, Malaysia



www.sunwayhotels.com



srhs.enquiry@sunwayhotels.com



+603 7492 8000

SUNWAY LAGOON HOTEL

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

Sunway Lagoon Hotel provides the right balance between work and play. The hotel has five fully-equipped function rooms and a host of other facilities, including the Café West, the hotel's all-day dining restaurant, in-room dining services, a fitness centre and an outdoor swimming pool.

Land Area (sq.ft.)	77,403	No. of Parking Bays	> 740
GFA (sq.ft.)	798,762	Average Price per Room (RM)	773,067
Number of Rooms	401	Capitalisation / Discount Rate (%)	7.00 / 9.00

Master Lease Details:-
Master Lessee

Sunway Resort Hotel Sdn Bhd

Duration

10 years from 10 February 2018 with an option to renew for another 10 years

Total Rent

The higher of variable rent or minimum rent. Variable rent comprises base rent of 20% of revenue plus 70% of GOP less master lease expenses. Minimum rent in respect of Sunway Lagoon Hotel consists of RM10.9 million for Year 1 and Year 2 and RM8.2 million each year for the remaining 10-year term.

Date of Acquisition
9 February 2018

Acquisition Cost (RM'million)
344

Title, Expiry Date, Years Remaining
HSD 259881 Lot No. PT 1333, 16 November 2108, 85

Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
99 years

Encumbrance
i. **Charged to Public Investment Bank Berhad**
ii. **10 years lease to Sunway Resort Hotel Sdn Bhd expiring 9 February 2028**

Year of Completion
2016

Appraised Value (RM'million)
310

Date of Latest Valuation
1 December 2023

Valued by
CBRE WTW Valuation & Advisory Sdn Bhd

Age of Building
7 years

Green Building Certification:



PROPERTY DETAILS

HOTEL



11, Lebuh Tenggiri 2, Pusat Bandar Seberang Jaya, 13700 Prai, Penang, Malaysia



Website

www.sunwayhotels.com



Email

shsj.enquiry@sunwayhotels.com



Phone

+604 377 7788

SUNWAY HOTEL SEBERANG JAYA

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

Located amid a vibrant hub of entertainment, leisure and a medical centre along with shopping options at the newly expanded Sunway Carnival Mall, it is perfect for holidaymakers, corporate travellers and medical tourists seeking easy access to Mainland Penang's bustling commercial and industrial zones.

Land Area (sq.ft.)	46,220	Average Price per Room (RM)	257,426
GFA (sq.ft.)	174,800	Capitalisation / Discount Rate (%)	7.00 / 9.00
Number of Rooms	202		
No. of Parking Bays	> 80		

Master Lease Details:-
Master Lessee

Sunway Hotel (Seberang Jaya) Sdn Bhd

Duration

10 years from 8 July 2020 with an option to renew for another 10 years

Total Rent

90% of GOP

Date of Acquisition
8 July 2010

Acquisition Cost (RM'million)
52

Title, Expiry Date, Years Remaining
**PN 2602 Lot 5785,
21 October 2092, 69**

Mukim 1, Daerah Seberang Perai
Tengah, Pulau Pinang

Tenure
99 years

Encumbrance

- Charged to OCBC Bank (Malaysia) Berhad**
- Leased to Sunway Hotel (Seberang Jaya) Sdn. Bhd for 10 years commencing on 8 July 2020 and expiring on 7 July 2030**
- Part of the land has been leased to Tenaga Nasional Berhad for 30 years commencing on 16 March 1998 and expiring on 15 March 2028**

Year of Completion
1998
Refurbished in 2013

Appraised Value (RM'million)
52

Date of Latest Valuation
1 December 2023

Valued by
Knight Frank Malaysia Sdn Bhd

Age of Building
25 years

PROPERTY DETAILS

HOTEL



No. 100, Jalan Putra, 50350 Kuala Lumpur, Malaysia



Website
www.sunwayhotels.com



Email
spkl.enquiry@sunwayhotels.com



Phone
+603 4040 9888



Date of Acquisition
19 April 2011

Acquisition Cost (RM'million)
217

Title, Expiry Date

Geran 10012, Lot 38, Seksyen 51, N/A

Kuala Lumpur, 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

**1993
Refurbished in 2015**

Appraised Value (RM'million)
334

Date of Latest Valuation
1 December 2023

Valued by
Savills (Malaysia) Sdn Bhd

Age of Building
30 years

SUNWAY PUTRA HOTEL

Sunway Putra Hotel is integrated with Sunway Putra Mall and Sunway Putra Tower in a mixed-use development opposite the 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 station, which are easily accessible and convenient for corporate and leisure travellers.

The hotel's food and beverage offerings include the Coffee House, an all-day dining restaurant that serves local and international à la carte and buffet options; Atrium Lounge, which serves signature afternoon tea with a wide selection of coffees, cakes and pastries; as well as Rumah Makan Nusantara which serves authentic Indonesian culinary offerings from various provinces across Indonesia, aiming to provide an exceptional Indonesian gastronomic experience to the esteemed hotel guests in Sunway Putra Hotel.

Land Area (sq.ft.)	193,621¹	Average Price per Room (RM)	514,000
GFA (sq.ft.)	687,609	Capitalisation / Discount Rate (%)	6.75 / 8.50
Number of Rooms	650		
No. of Parking Bays	> 1,490¹		

Master Lease Details:-
Master Lessee

Sunway Putra Hotel Sdn Bhd

Duration

10 years from 28 September 2021 with an option to renew for another 10 years

Total Rent

90% of GOP

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower

PROPERTY DETAILS



HOTEL



No. 33, Lorong Baru, 10400 Penang, Malaysia



Website

www.sunwayhotels.com



Email

shgp.enquiry@sunwayhotels.com



Phone

+604 229 9988



Date of Acquisition

28 January 2015

Acquisition Cost (RM'million)

74

Title, Expiry Date

i. GRN 63519 Lot 2220, N/A
ii. GRN 35332 Lot 1754, N/A

Seksyen 12, Bandar George Town,
Daerah Timor Laut, Pulau Pinang

Tenure

Freehold

Encumbrance

- i. **Charged to OCBC Bank (Malaysia) Berhad**
- ii. **10 years lease to Sunway Biz Hotel Sdn Bhd expiring 27 January 2025**
- iii. **30 years lease to Tenaga Nasional Berhad expiring 14 February 2024) (excluding GRN 35332 Lot No. 1754)**

Year of Completion

1994

Refurbished in 2013

Appraised Value (RM'million)

84

Date of Latest Valuation

1 December 2023

Valued by

Knight Frank Malaysia Sdn Bhd

Age of Building

29 years

SUNWAY HOTEL GEORGETOWN

Sunway Hotel Georgetown is a 250-room, four-star hotel at the heart of Georgetown, Penang, a renowned UNESCO World Heritage site where traditional 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 that are within walking distance of 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 staying on 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.

Land Area (sq.ft.)	33,592	No. of Parking Bays	> 90
GFA (sq.ft.)	193,115	Average Price per Room (RM)	336,000
Number of Rooms	250	Capitalisation / Discount Rate (%)	6.50 / 8.50

Master Lease Details:-
Master Lessee

Sunway Biz Hotel Sdn Bhd

Duration

10 years from 28 January 2015 with an option to renew for another 10 years

Total Rent

The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of GOP less master lease expenses. Guaranteed rent in respect of Sunway Hotel Georgetown consists of RM4.4 million for Year 1 and Year 2 and RM3.3 million each year for the remaining 10-year term.

PROPERTY DETAILS

OFFICE



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

Phone

+603 5639 8888

MENARA SUNWAY

Menara Sunway is a 19-storey office building in Sunway City that serves as the headquarters of the Sunway Group. 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, medical centre, hospitality, leisure and retail options within the township.

Surrounded by highly-populated suburbs such as Subang Jaya, Puchong and Petaling Jaya, and easily accessible via five major expressways – the 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.

Land Area (sq.ft.)	193,395	No. of Parking Bays	> 630
GFA (sq.ft.)		No. of Tenancies	52
Office	399,446	Value per sq.ft. (RM)	610
Car Park	266,696	Capitalisation Rate –	6.00 / 6.50
NLA (sq.ft.)	291,807	Current / Reversionary (%)	

Date of Acquisition
8 July 2010

Acquisition Cost (RM'million)
128

Title, Expiry Date, Years Remaining
**PN 17105 Lot 61760,
1 April 2097, 73**

Bandar Sunway, Daerah Petaling,
Negeri Selangor

Tenure
99 years

Encumbrance
**Charged to Public Investment
Bank Berhad**

Year of Completion
1994

Appraised Value (RM'million)
178

Date of Latest Valuation
1 December 2023

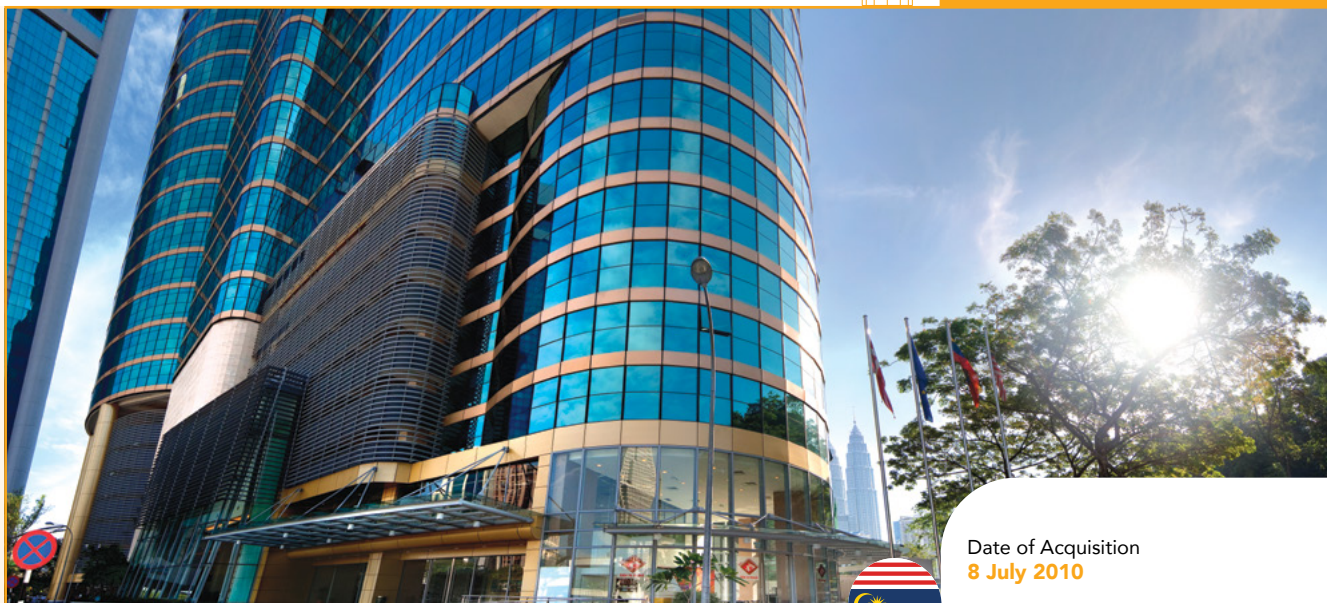
Valued by
**Jones Lang Wooton (Proprietor:
Singham Sulaiman Sdn Bhd)**

Age of Building
29 years

PROPERTY DETAILS



OFFICE



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



+603 2032 4100



Date of Acquisition
8 July 2010

Acquisition Cost (RM'million)
171

Title, Expiry Date
Geran 45110, Lot 55, Seksyen 45, N/A

Kuala Lumpur, 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 14 January 2023**

Year of Completion
1996
Refurbished in 2009

Appraised Value (RM'million)
115

Date of Latest Valuation
1 December 2023

Valued by
VPC Alliance (KL) Sdn Bhd

Age of Building
27 years

SUNWAY TOWER

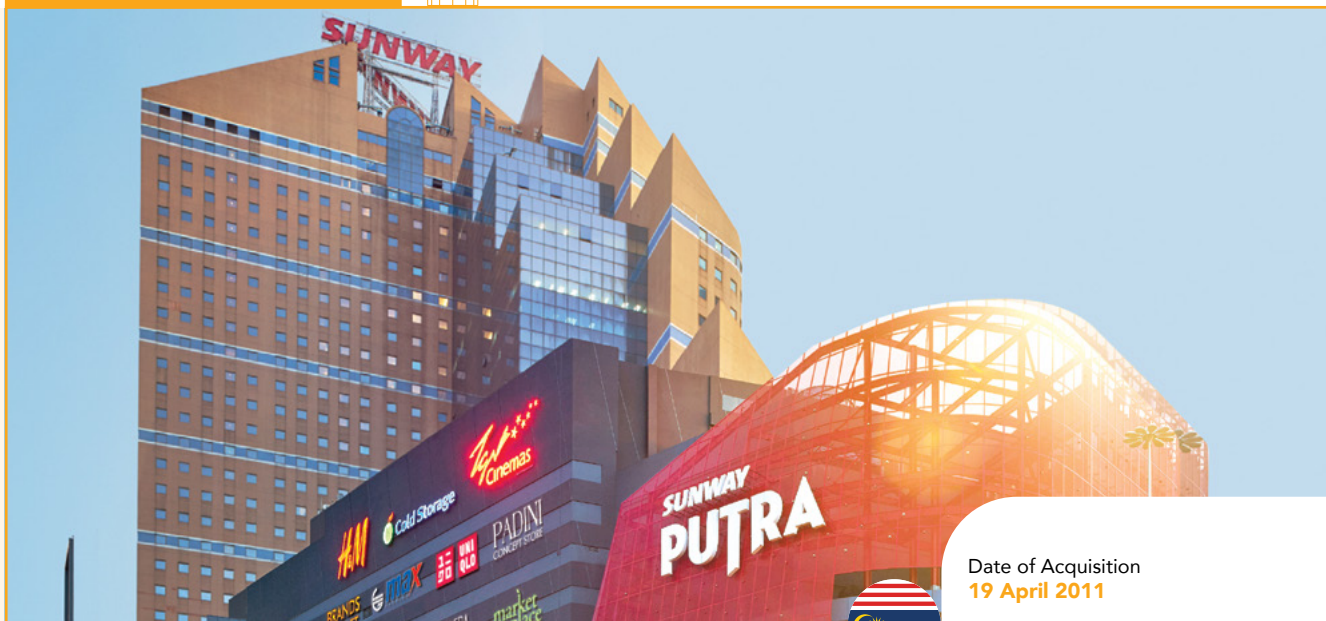
Sunway Tower is a 33-storey prime office building strategically located at the intersection between Jalan Sultan Ismail and Jalan Ampang in Kuala Lumpur, which is also famously known as the Golden Triangle.

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 the Klang Valley, making it a prime business address in Kuala Lumpur.

Land Area (sq.ft.)	25,898	No. of Parking Bays	> 290
GFA (sq.ft.)		No. of Tenancies	14
Office	360,493	Value per sq.ft. (RM)	429
Car Park	126,582	Capitalisation Rate – Current / Reversionary (%)	6.50 / 7.00
NLA (sq.ft.)	268,306		

PROPERTY DETAILS

OFFICE



100, Jalan Putra, 50350 Kuala Lumpur, Malaysia



putratowermgmt@sunway.com.my



+603 4050 3282



Date of Acquisition

19 April 2011

Acquisition Cost (RM'million)

82

Title, Expiry Date

Geran 10012, Lot 38, Seksyen 51, N/A

Kuala Lumpur, 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

1993

Refurbished in 2015

Appraised Value (RM'million)

135

Date of Latest Valuation

1 December 2023

Valued by

Savills (Malaysia) Sdn Bhd

Age of Building

30 years

SUNWAY PUTRA TOWER

Sunway Putra Tower is an office tower that forms part of an integrated mixed-used development with Sunway Putra Mall and Sunway Putra Hotel. Strategically located next to the 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 percentage of its NLA.

Land Area (sq.ft.)	193,621¹	No. of Parking Bays	> 1,490¹
GFA (sq.ft.)		No. of Tenancies	16
Office	338,115	Value per sq.ft. (RM)	425
Car Park	575,000¹	Capitalisation Rate –	6.25 / 6.50
NLA (sq.ft.)	317,051	Current / Reversionary (%)	

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower

PROPERTY DETAILS

OFFICE



No. 1, Jalan Tengku Ampuan Zabedah C 9/C, Seksyen 9, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia

Phone

+603 5510 1629

WISMA SUNWAY

Wisma Sunway is a stratified 19-storey office building located in the vibrant Seksyen 9, Shah Alam, the state government precinct of Selangor. Conveniently located beside the 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 by government agencies comprising the majority of its tenants.

Land Area (sq.ft.)	- ¹	No. of Parking Bays	> 420
GFA (sq.ft.)		No. of Tenancies	6
Office	182,216 ²	Value per sq.ft. (RM)	350
Car Park	125,401 ²	Capitalisation Rate – Current / Reversionary (%)	6.50 / 6.75
NLA (sq.ft.)	171,544		

¹ The office is on strata title

² Based on surveyed strata floor area

Date of Acquisition
23 March 2015

Acquisition Cost (RM'million)
62

Title, Expiry Date, Years Remaining

- i. **PN 21876/M1/B1/1, 29 August 2094, 71**
- ii. **PN 21876/M1/1/3, 29 August 2094, 71**
- iii. **PN 21876/M1/N1/4, 29 August 2094, 71**
- iv. **PN 21876/M1/N1/5, 29 August 2094, 71**
- v. **PN 21876/M1/2/6, 29 August 2094, 71**
- vi. **PN 21876/M1/8/7, 29 August 2094, 71**
- vii. **PN 21876/M1/9/8, 29 August 2094, 71**
- viii. **PN 21876/M1/10/9, 29 August 2094, 71**
- ix. **PN 21876/M1/11/10, 29 August 2094, 71**
- x. **PN 21876/M1/12/11, 29 August 2094, 71**
- xi. **PN 21876/M1/13/12, 29 August 2094, 71**
- xii. **PN 21876/M1/14/13, 29 August 2094, 71**
- xiii. **PN 21876/M1/15/14, 29 August 2094, 71**
- xiv. **PN 21876/M1/16/15, 29 August 2094, 71**
- xv. **PN 21876/M1/17/16, 29 August 2094, 71**

All situated on Lot 517, Seksyen 9, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan

Tenure
99 years

Encumbrance
Charged to Public Investment Bank Berhad

Year of Completion
1997
Refurbished in 2013

Appraised Value (RM'million)
60

Date of Latest Valuation
1 December 2023

Valued by
VPC Alliance (KL) Sdn Bhd

Age of Building
26 years

PROPERTY DETAILS

OFFICE



Suite LGb-01, Lower Ground Management Office, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

Phone

+603 5639 9575

SUNWAY PINNACLE

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

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

Land Area (sq.ft.)	78,415	No. of Parking Bays	> 880
GFA (sq.ft.)		No. of Tenancies	48
Office	700,802	Value per sq.ft. (RM)	812
Car Park	444,752	Capitalisation Rate – Current / Reversionary (%)	6.00 / 6.50
NLA (sq.ft.)	578,917		

Date of Acquisition
20 November 2020

Acquisition Cost (RM'million)
455

Title, Expiry Date, Years Remaining
**PN 17103 Lot 61759,
1 April 2097, 73**

Bandar Sunway, Daerah Petaling,
Negeri Selangor

Tenure
99 years

Encumbrance
**Charged to OCBC Bank (Malaysia)
Berhad**

Year of Completion
2013

Appraised Value (RM'million)
470

Date of Latest Valuation
1 December 2023

Valued by
**Jones Lang Wooton (Proprietor:
Singham Sulaiman Sdn Bhd)**

Age of Building
10 years

Green Building Certification:



PROPERTY DETAILS



SERVICES



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



www.university.sunway.edu.my



info@sunway.edu.my



+603 7491 8622



Date of Acquisition
15 April 2019

Acquisition Cost (RM'million)
556

Title, Expiry Date, Years Remaining
i. **HS(D) 118326 Lot No. PT 1905, 1 April 2097, 73**
ii. **HS(D) 118325 Lot No. PT 1904, 1 April 2097, 73**
iii. **HS(D) 118332 Lot No. PT 28, 1 April 2097, 73**

All in Bandar Sunway,
Daerah Petaling, Negeri Selangor

Tenure
99 years

Encumbrance
Charged to Public Investment Bank Berhad

Year of Completion
i. **Phase 1 (South Building, Hostel and North Building: 1993 & 1996**
ii. **Phase 2 (New University Block): 2015**

Appraised Value (RM'million)
580

Date of Latest Valuation
1 December 2023

Valued by
Jones Lang Wootton (Proprietor: Singham Sulaiman Sdn Bhd)

Age of Building
Phase 1: 27 years and 30 years
Phase 2: 8 years

SUNWAY UNIVERSITY & COLLEGE CAMPUS

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

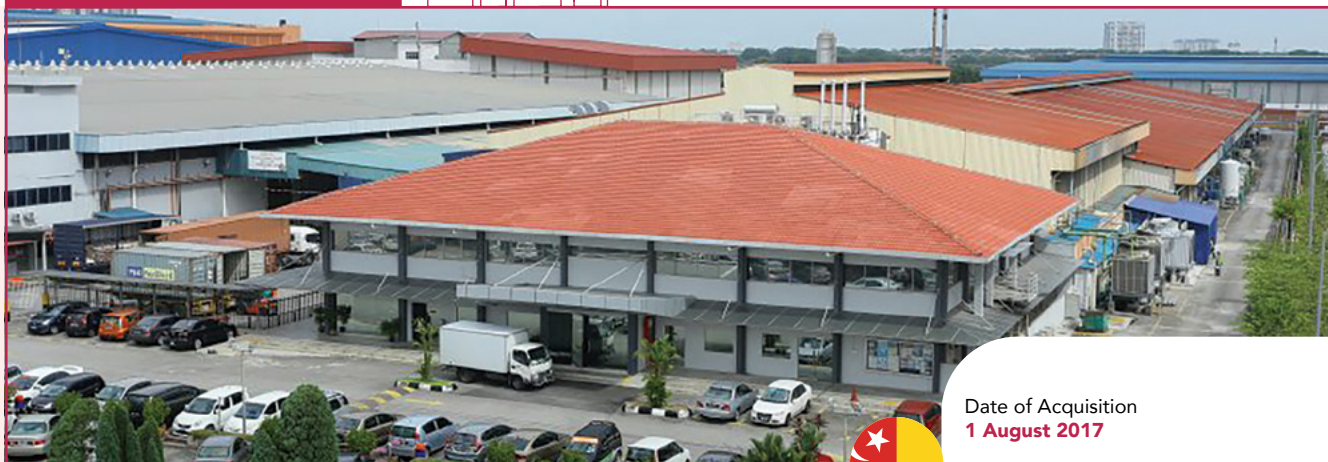
Well connected to nearby cities and highly-populated suburbs via an extensive network of roads, expressways and public transportation, the campus hosts Sunway university and Sunway college, both reputable higher learning institutions established in 2004 and 1987, respectively.

Land Area (sq.ft.)	733,246	No. of Parking Bays	> 1050
GFA (sq.ft.)		Value per sq.ft. (RM)	308
Campus	1,459,134	Capitalisation Rate – Current / Reversionary (%)	6.50 - 9.25 / 6.50
Car Park	421,111		

Master Lease Details:- Master Lessee	Sunway Education Group Sdn Bhd ("SEG") and/or its relevant subsidiaries
Duration	30 years from 1 December 2018 with an option to renew for a second term of 30 years (at the expiry of the first term) and a third term of 18 years and four months up to 31 March 2095 (at the expiry of the second term)
Rental	RM34.2 million per annum for the first year
Rental Uplift	2.3% per annum for each subsequent year of the first 30-year term
Rental Basis	Triple-net lease

PROPERTY DETAILS

INDUSTRIAL & OTHERS



Lot 6, Persiaran Perusahaan, Seksyen 23, 40300 Shah Alam,
Selangor Darul Ehsan, Malaysia



Website
www.dchcmfg.com



Phone
+603 5541 6600

SUNWAY REIT INDUSTRIAL - SHAH ALAM 1

Sunway REIT Industrial – Shah Alam 1 ("SRISA 1") is strategically located within the prime industrial hub of Seksyen 23, Shah Alam, which houses many established international logistics and manufacturing companies.

Easily accessible via three major highways – the Federal Highway, North-South Expressway Central Link ("ELITE") and Shah Alam Expressway ("KESAS") – SRISA 1 is approximately 45 minutes away from Kuala Lumpur International Airport ("KLIA") and Port Klang, the largest container port in Malaysia.

Land Area (sq.ft.)	673,684	Value per sq.ft. (RM)	271
GFA (sq.ft.)	386,856	Capitalisation Rate – Current / Reversionary (%)	6.00 - 6.25 / 6.25
No. of Parking Bays	N/A		

Master Lease Details:-

Master Lessee **DCH Contract Manufacturing Sdn Bhd**

Duration

Initial term - expires on 31 December 2034

Renewal term - automatically extended for one further term of five years on the same terms and conditions unless the Lessee gives written notice to the Lessor not less than 18 months prior to the end of the Initial Term that it does not wish to extend the term for the period in excess of five years but less than or equal to 15 years

Rental Uplift

The rent is subject to review every three years and the next review shall be on 1 January 2025. At each rent review date, the rent shall be increased to the greater of the then prevailing fair market value and CPI adjustment, subject to a cap on the increase of 10%

Rental Basis

Triple-net lease

Date of Acquisition

1 August 2017

Acquisition Cost (RM'million)

92

Title, Expiry Date, Years Remaining

**HS(D) 132499, PT 65,
30 May 2098, 74**

Seksyen 23, Shah Alam, Daerah
Petaling, Negeri Selangor

Tenure

99 years

Encumbrance

- Charged to Public Investment Bank Berhad**
- Leased to DCH Contract Manufacturing Sdn Bhd, expiring 31 December 2034**

Year of Completion

**Phase 1: 1993
Phase 2: 2010**

Appraised Value (RM'million)

105

Date of Latest Valuation

1 December 2023

Valued by

Savills (Malaysia) Sdn Bhd

Age of Building

**Phase 1: 30 years
Phase 2: 13 years**

PROPERTY DETAILS



INDUSTRIAL & OTHERS



Lot 3, Jalan SS 8/6, 47300 Petaling Jaya, Selangor



Date of Acquisition
10 November 2022

Acquisition Cost (RM'million)
61

Title, Expiry Date
i. **HSD 79342, PT 4971, N/A**
ii. **HSD 79344, PT 4973, N/A**

Mukim Damansara, Daerah Petaling,
Negeri Selangor

Tenure
Freehold

Encumbrance
Nil

Year of Completion
Building 1: 1996
Building 2: 2002

Appraised Value (RM'million)
61

Date of Latest Valuation
1 December 2023

Valued by
CBRE WTW Valuation & Advisory
Sdn Bhd

Age of Building
Building 1: 27 years
Building 2: 21 years

SUNWAY REIT INDUSTRIAL - PETALING JAYA 1

Sunway REIT Industrial – Petaling Jaya 1 ("SRIPJ 1") is a prime freehold industrial asset comprising a double-storey and a five-storey former electronics factory. SRIPJ 1 is easily accessible via major highways and expressways such as the Federal Highway and Lebuhraya Damansara-Puchong ("LDP").

Nestled among multinational corporations and mixed-use developments, SRIPJ 1 is well-equipped with high-grade facilities to house potential manufacturing activities for immediate operations.

Land Area (sq.ft.)	158,146	Value per sq.ft. (RM)	143
GFA (sq.ft.)	425,554	Capitalisation Rate – Current / Reversionary (%)	Nil (adopted comparison approach)

SEGMENTAL HIGHLIGHTS

RENTAL RENEWALS

Average rental reversion

8.5%¹

for the portfolio's 2,031,530 sq.ft. of new or renewed tenancies in FY2023

(FY2022: 4.1%)

- The improved average rental reversion was primarily contributed by higher rental rates secured for new and renewed tenants for all properties across retail and office segments. The retail assets in particular saw tenants reverted to pre-pandemic rental levels.
- The retail segment renewed or secured new tenants for a total of 1,457,921 sq.ft. (FY2022: 1,948,882 sq.ft.) equivalent to a renewal rate of 97.3% (FY2022: 97.8%) of total space due for renewal.
- The office segment renewed or secured new tenants for a total of 573,609 sq.ft. (FY2022: 298,187 sq.ft.) equivalent to a renewal rate of 98.3% (FY2022: 93.0%) of total space due for renewal.

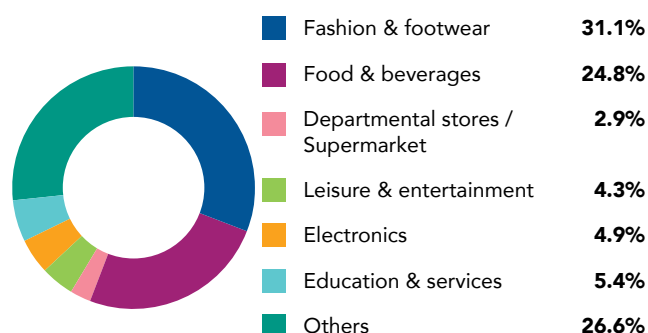
TOP 10 TENANTS BY TOTAL GROSS RENTAL INCOME

Top 10 tenants contributed approximately 11.2% of total gross rental income in December 2023 (FY2022: 11.9%), maintaining a low exposure to tenant-concentration risk. In addition, total Sunway Group's rental income contribution to total gross rent amounted to 23% in FY2023 (FY2022: 22%).

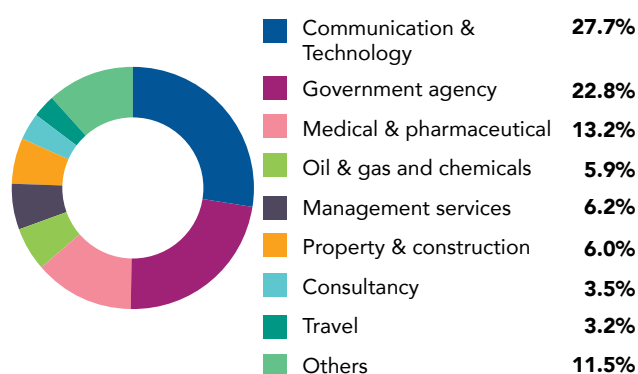
Tenant	Trade	Tenancy Expiry Date	% Total Gross Rental Income ²
1. Uniqlo	Fashion	23 Jun 2025, 14 Jul 2026, 31 Jul 2026	1.7%
2. Parkson	Department store	29 Feb 2024, 30 Sep 2026	1.6%
3. Padini	Fashion	27 May 2024, 23 Jun 2025, 6 Sep 2025	1.5%
4. TGV Cinemas	Cinema	22 Jul 2024, 14 Sep 2024	1.4%
5. Jabatan Kerja Raya	Government agency	28 Feb 2026	0.9%
6. Roche	Pharmaceutical	31 May 2024, 31 Jan 2025, 30 Sep 2025	0.9%
7. Maxis	Telecommunications	14 Dec 2024	0.8%
8. Zara	Fashion	29 Feb 2024	0.8%
9. Adidas	Fashion	30 Sep 2025	0.8%
10. Cotton On	Fashion	19 Mar 2026	0.8%

TRADE SECTOR ANALYSIS

Retail segment: Top trade sectors



Office segment: Top trade sectors



¹ Increase in three years including step-up rent.

² Based on total gross rental income for the month of December 2023, excluding hotel master leases, industrial lease and education lease.

SEGMENTAL HIGHLIGHTS

WEIGHTED AVERAGE LEASE EXPIRY (WALE)

WALE:
4.03 years
(FY2022: 4.43 years)

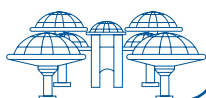
RETAIL

1.35
years



HOTEL

6.05
years



OFFICE

1.38
years



SERVICES

24.92
years



INDUSTRIAL & OTHERS

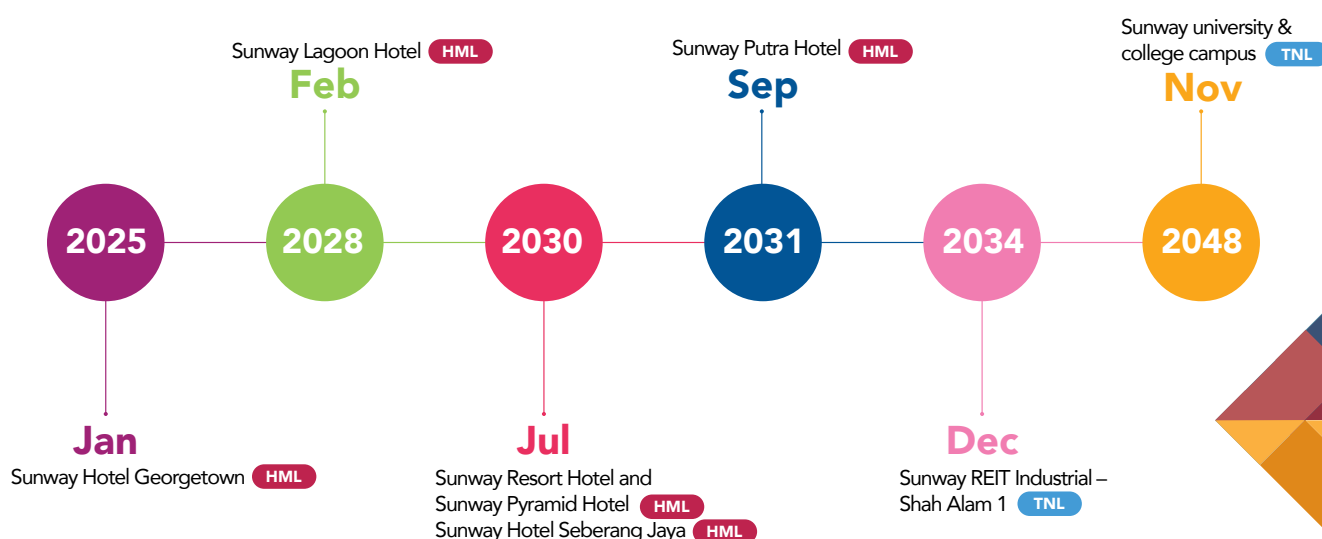
11.00
years



Sunway REIT has a diverse tenant mix of approximately 1,344 tenancies (FY2022: 1,305), five hotel master leases, an industrial master lease and an education master lease.

The portfolio of Sunway REIT consists of 16.4%, 12.8% and 65.5% of tenanted NLA expiring in FY2024, FY2025 and FY2026 and beyond, respectively. The majority of the tenancies are three-year tenancies with renewal options at market rate for another three-year term, included in the tenancies expiring in FY2023 were monthly tenancies occupying 0.4% (FY2022: 0.7%) of the total space.

Master leases represent 28% of fair value of the portfolio. The expiries of master leases, including triple-net-lease (TNL) and hotel master lease (HML) are as follows: -



RETAIL SEGMENT

SEGMENT CONTRIBUTION BY REVENUE

67%

(FY2022: 67%)

SEGMENT CONTRIBUTION BY PROPERTY VALUE

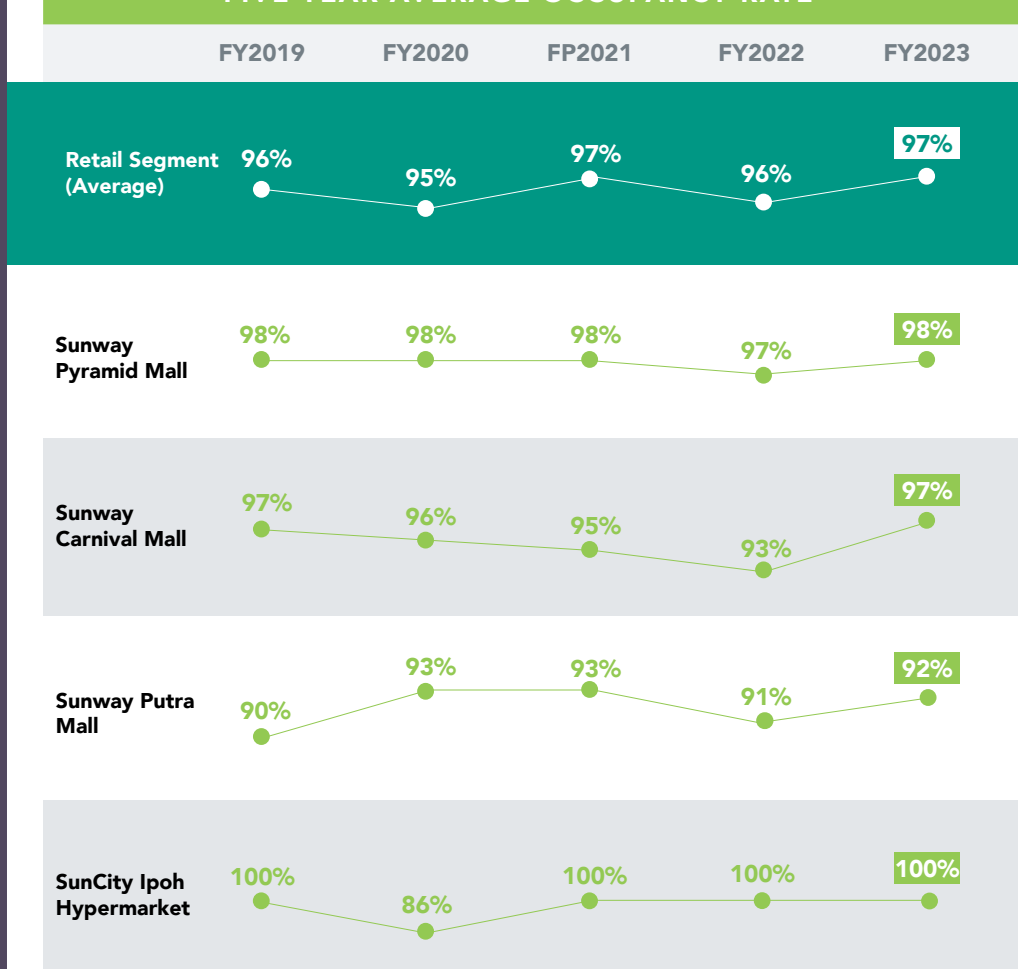
60%

(FY2022: 57%)

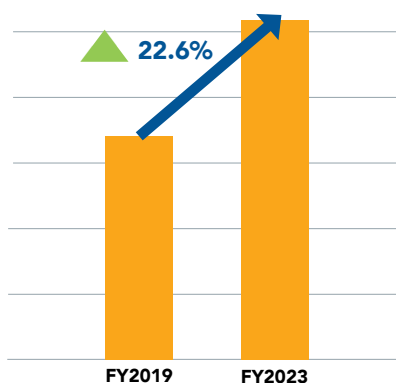
RETAIL

Over the last five years, the Retail segment has consistently maintained a commendably stable average occupancy rate. In FY2023, the average occupancy rates edged up across all retail properties, owing to the successful onboarding of new tenants and the unwavering support from existing tenants which were evidenced by the high renewal rates. Overall, this sustained and stable performance in average occupancy rate was underpinned by the recovery of the retail sector and an upswing in consumer sentiment, resulting in increased consumer sales and footfall.

FIVE-YEAR AVERAGE OCCUPANCY RATE



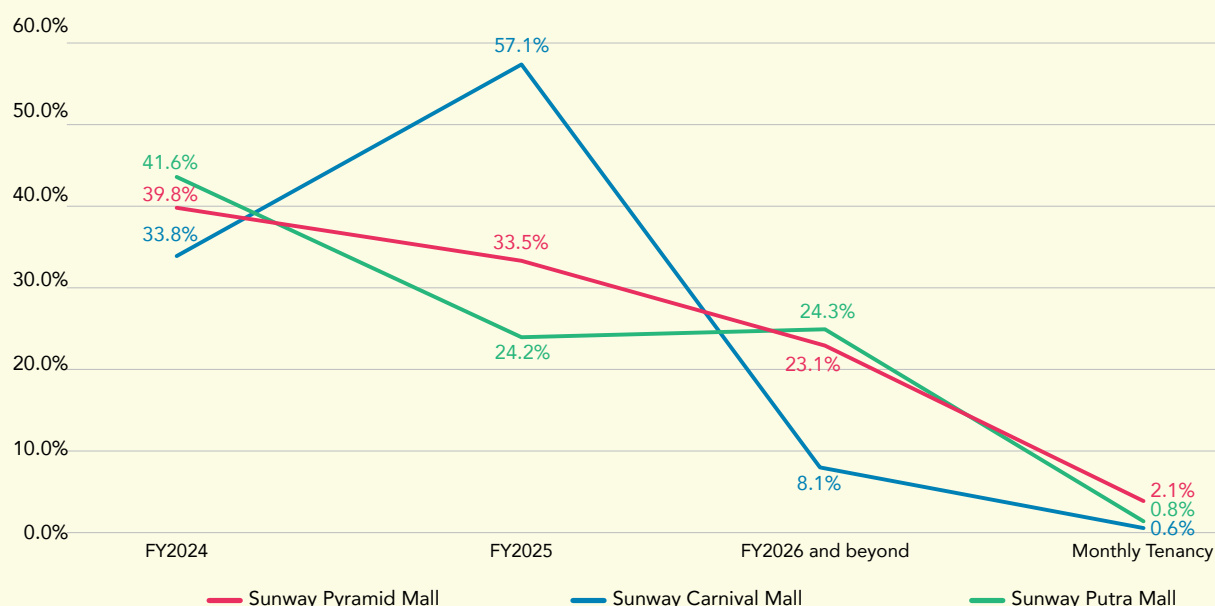
RETAIL SALES PER SQ.FT. (RM)



In FY2023, the retail sales per sq.ft. for the Retail segment recorded a remarkable surge of 22.6% compared to the pre-pandemic level in FY2019. The Penang mainland mall, Sunway Carnival Mall, played a pivotal role in driving the growth, particularly due to the remarkable success of its new wing launch in June 2022. Furthermore, Sunway Pyramid Mall and Sunway Putra Mall garnered unwavering support and sustained growth momentum from shoppers in the post-pandemic era, contributing to the overall improvement in retail sales per sq.ft.

RETAIL SEGMENT

LEASE EXPIRY SCHEDULE (EXPIRING TENANCIES AS % OF TOTAL NLA)



TENANT MIX (BASED ON DECEMBER 2023)

Sunway Pyramid Mall

By Gross Rental Income	Tenant Mix	By Net Lettable Area
32.2%	Fashion & footwear	23.8%
24.3%	Food & beverages	21.5%
2.4%	Departmental stores / Supermarket	7.9%
3.9%	Leisure & entertainment	10.7%
5.5%	Electronics	4.1%
6.8%	Education & services	7.5%
24.9%	Others	22.9%
-	Vacant	1.6%
100.0%	Total	100.0%

Sunway Carnival Mall

By Gross Rental Income	Tenant Mix	By Net Lettable Area
27.3%	Fashion & footwear	24.5%
21.8%	Food & beverages	14.0%
5.5%	Departmental stores / Supermarket	15.5%
3.1%	Leisure & entertainment	8.4%
5.0%	Electronics	1.2%
0.1%	Education & services	0.0%
37.2%	Others	36.1%
-	Vacant	0.3%
100.0%	Total	100.0%

Sunway Putra Mall

By Gross Rental Income	Tenant Mix	By Net Lettable Area
28.6%	Fashion & footwear	29.0%
33.4%	Food & beverages	21.2%
2.5%	Departmental stores / Supermarket	3.4%
8.5%	Leisure & entertainment	14.3%
0.9%	Electronics	0.5%
2.2%	Education & services	0.9%
23.9%	Others	21.6%
-	Vacant	9.1%
100.0%	Total	100.0%

RETAIL SEGMENT

TOP 10 TENANTS (BASED ON DECEMBER 2023 GROSS RENTAL INCOME)

Sunway Pyramid Mall



1.9%	Uniqlo (Malaysia) Sdn Bhd (Uniqlo)
1.7%	Parkson Corporation Sdn Bhd (Parkson)
1.5%	Sunway Resort Hotel Sdn Bhd (Sunway Pyramid Convention Centre)
1.5%	TGV Cinemas Sdn Bhd (TGV Cinemas)
1.3%	Padini Dot Com Sdn Bhd (Padini Concept Store)
1.3%	Gagan (Malaysia) Sdn Bhd (Zara)
1.2%	Adidas (Malaysia) Sdn Bhd (Adidas)
1.2%	Cotton On (Malaysia) Sdn Bhd (Cotton On)
1.1%	Beauty In Motion Sdn Bhd (Sephora)
1.0%	H&M Retail Sdn Bhd (H&M)

Sunway Carnival Mall



3.8%	Parkson Corporation Sdn Bhd (Parkson)
2.9%	Padini Dot Com Sdn Bhd (Padini Concept Store)
2.5%	CG Computers Sdn Bhd (Switch)
2.4%	Uniqlo (Malaysia) Sdn Bhd (Uniqlo)
1.9%	Golden Screen Cinemas Sdn Bhd (GSC Cinemas)
1.8%	Trendcell Sdn Bhd (Jaya Grocer)
1.5%	Sports Direct MST Sdn Bhd (Sports Direct.com)
1.5%	Yee Fong Hung (Malaysia) Sdn Bhd (Brands Outlet)
1.3%	JD Sports Fashion Sdn Bhd (King of Trainers)
1.3%	Senheng Electric (KL) Sdn Bhd (SenQ)

Sunway Putra Mall



5.6%	TGV Cinemas Sdn Bhd (TGV Cinemas)
3.4%	Padini Dot Com Sdn Bhd (Padini Concept Store)
2.7%	Yee Fong Hung (M) Sdn Bhd (Brands Outlet)
2.6%	Uniqlo (Malaysia) Sdn Bhd (Uniqlo)
2.5%	GCH Retail (Malaysia) Sdn Bhd (Mercato)
1.8%	Lifestyle Retail Malaysia Sdn Bhd (Babyshop and Max)
1.5%	Guardian Health and Beauty Sdn Bhd (Guardian)
1.4%	Sports Direct MST Sdn Bhd (Sports Direct.com)
1.4%	Kaison Furnishing Sdn Bhd (Kaison)
1.4%	CG Computers Sdn Bhd (Switch)

13.7 %

WALE

1.35 years

20.9 %

WALE

1.43 years

24.3 %

WALE

1.21 years

RETAIL SEGMENT

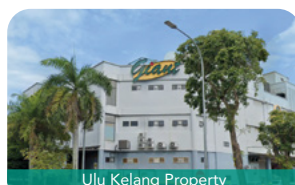
PROPOSED ACQUISITION OF SIX HYPERMARKETS / RETAIL COMPLEXES IN KLANG VALLEY AND JOHOR



Kinrara Property



Putra Heights Property



Ulu Kelang Property



USJ 1 Property



Klang Property



Plentong Property

Purchase Consideration

RM520 million

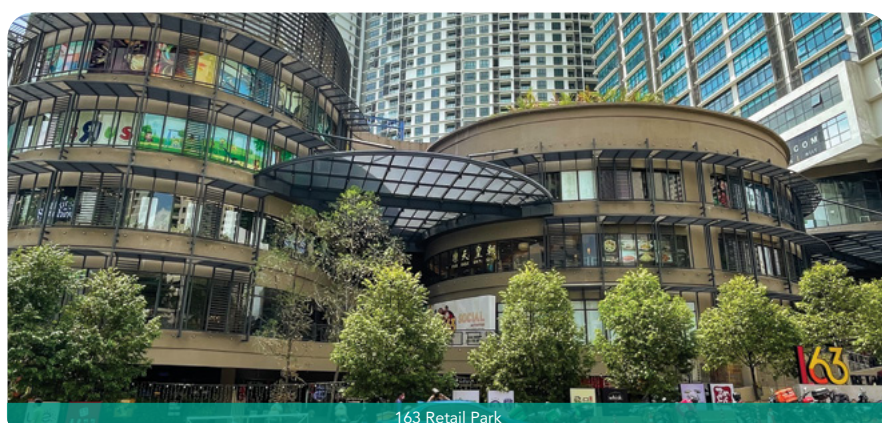
NPI Yield

8.0%

On 16 March 2023, RHB Trustees Berhad, on behalf of Sunway REIT, entered into a conditional Sale and Purchase Agreement ("SPA") with Kwasa Properties Sdn Bhd, a wholly-owned subsidiary of the Employees Provident Fund, to acquire a portfolio of six freehold hypermarkets / retail complexes for a total cash consideration of RM520 million. The unitholders of Sunway REIT duly approved the proposed acquisition of six hypermarkets on 15 June 2023. A conditional approval was received from Economic Planning Unit of the Prime Minister's Office and the Board of Directors of the Manager is reviewing the said condition for the next course of action which will be updated in due course.

The properties are strategically located in densely populated and mature residential areas in Klang Valley and Johor, surrounded by high-population catchments and provide non-discretionary products and services to the local mass-market. The properties are 100% leased to a reputable hypermarket operator on triple-net master lease arrangements, which will provide Sunway REIT with stable income stream which is less susceptible to the effects of economic downturns. This proposed acquisition demonstrated Sunway REIT's endeavour to grow the asset portfolio and further expand its geographical footprint into Johor.

PROPOSED ACQUISITION OF A PRIME RETAIL MALL IN MONT' KIARA, KUALA LUMPUR



163 Retail Park

Purchase Consideration

RM215 million

NPI Yield

6.5%

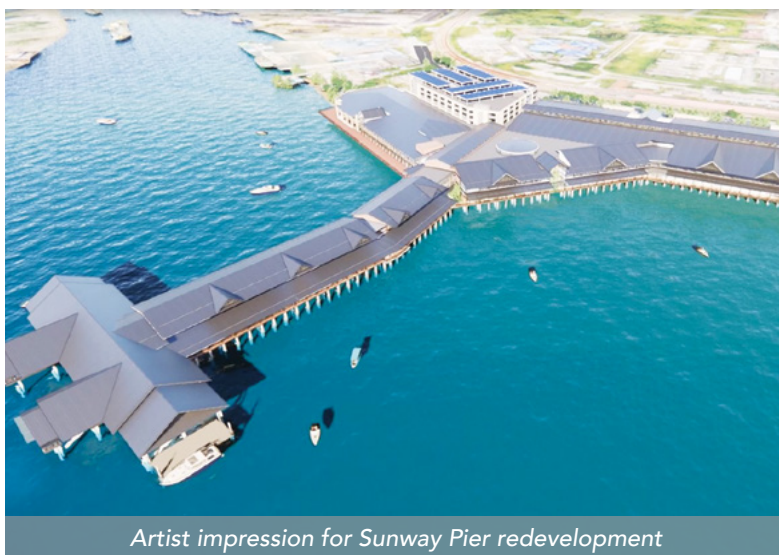
On 26 January 2024, RHB Trustees Berhad, the trustee of Sunway REIT, has entered into a conditional SPA with D'Kiara Place Sdn Bhd., a wholly owned subsidiary of YNH Property Bhd, to acquire a retail asset known as "163 Retail Park" located at Mont Kiara, Kuala Lumpur for a purchase consideration of RM215 million.

The property is a stratified seven-storey retail mall and is the centrepiece component of a mixed integrated development known as Kiara 163. An initial Net Property Income ("NPI") yield of 6.5% is anticipated from the property which shall be yield-accretive to Sunway REIT's portfolio. Surrounded by a substantial captive population comprising both locals and expatriates and coupled with Sunway REIT's strong branding and track record in mall management, the Manager believes the mall can be further enhanced as a premium lifestyle hub and NPI increased through tenant mix optimisation and asset enhancement initiatives.

RETAIL SEGMENT

ACHIEVEMENTS IN FY2023

PROPERTY DEVELOPMENT ACTIVITIES

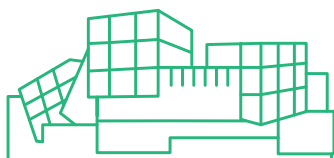
**Rejuvenation of Sunway Pier**

Sunway Pier will be undergoing an extensive transformation, repositioning as a prime retail-centric tourism attraction with the revival of jetty services. This redevelopment initiative is anticipated to welcome a diverse range of retail businesses, food and beverage establishments, seafood markets and other attractions, with the aim of enticing both domestic and international tourists. The approved capital expenditure for this property revitalization plan stands at RM370 million, allocated over a three-year period for completion.

ASSET ENHANCEMENT INITIATIVES ("AEI")

**Refurbishment of anchor tenant space in Sunway Pyramid Mall**

The refurbishment of the anchor tenant space in Sunway Pyramid Mall totaling 320,000 sq.ft., commenced with the space reconfiguration exercise in Q4 2023 and is targeted for completion in Q4 2024. This endeavor, with an estimated capital expenditure of approximately RM190 million, is poised to enhance the mall's offerings and tenant mix as well as improve overall visitor experiences by providing upgraded spaces and refined aesthetics. To serve consumers' essential needs, Jaya Grocer Pop-Up store was introduced since October 2023, with a full-scale opening slated for the end of 2024. Notably, 62% of NLA has been secured by committed tenants with positive rental reversion in December 2023.

**Refurbishment of Sunway Carnival Mall existing wing (Phase 2)**

Following the resounding success of Sunway Carnival Mall new wing (Phase 1) which opened in June 2022, Sunway Carnival Mall commenced the refurbishment of its existing wing (Phase 2) on 1 July 2023. As of 31 December 2023, the Manager has secured 75% of committed tenants for the existing wing in Sunway Carnival Mall. The renovation is targeted for phased completion between early 2024 to end 2025, with a capital expenditure of approximately RM360 million.

The refurbishments of Sunway Pyramid Mall and Sunway Carnival Mall present opportunities for the two major malls to attract a plethora of stronger brands and retailers, further solidifying their positions as shopping destinations of choice in the central and northern region. These refurbishments are expected to contribute positively to the future earnings of Sunway REIT upon completion.

RETAIL SEGMENT

AWARDS & RECOGNITIONS

Sunway Pyramid Mall

- **BRONZE** Bronze for Best Executive Coaching Programme – awarded by Employee Experience Awards Malaysia 2023



- **GOLD** Gold Class 2 Award 2022 – awarded by Malaysian Society for Occupational Safety & Health ("MSOSH")
- ASEAN Public Toilet Standard (National) 2023-2025 – awarded by ASEAN Tourism Standard, Ministry of Tourism, Arts & Culture



Sunway Carnival Mall

- **PLATINUM** Platinum for Experiential Marketing Awards 2022-2023 – awarded by Malaysia Shopping Malls Association



- **GOLD** Gold Class 2 Award 2022 – awarded by MSOSH

Sunway Putra Mall

- **GOLD** Gold Class 2 Award 2022 – awarded by MSOSH
- **GOLD** GreenRE Gold Certification



ONGOING / NEW / COMPLETED INITIATIVES

SUNWAY
MALLS

Enhancement of the **Sunway Malls app for an improved in-mall and online experience**, allowing users to discover mall offerings and events, alongside a seamless online-to-offline shopping experience.

RETAIL SEGMENT

ONGOING / NEW / COMPLETED INITIATIVES

Sunway Pyramid Mall

New shops and new brands

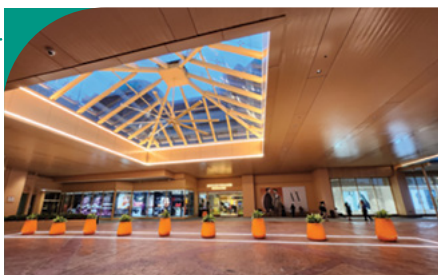
Over 60 store openings

Elevate the brand positioning of Sunway Pyramid Mall



Porte Cochère

An elevated Orange Entrance at Sunway Pyramid Mall



Smart Washroom

in Sunway Pyramid Mall



Urban Farm

Conversion of underutilised space into an Urban Farm in Sunway Pyramid Mall which serves as an educational corner about urban farming methods such as hydroponics, polybag and timber planting to the public (i.e., students / community).



EV Charging Bays

Installation of **new Electric Vehicle ("EV") charging bays** from 14 bays to 18 bays for EV charging



Sunway Putra Mall

One of the most exciting introductions in Sunway Putra Mall - Sk8te City, a roller-skating rink managed by Sunway Theme Park

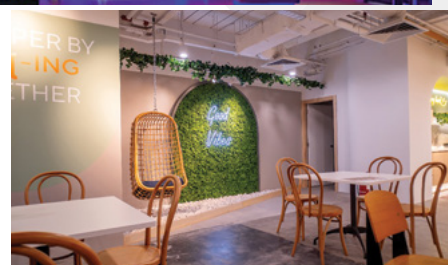
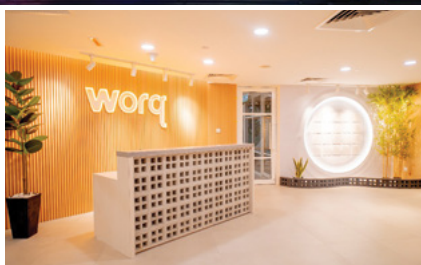


SK8TE CITY



Opening of WORQ co-working space

in Sunway Putra Mall, which is poised to revolutionise the work experience within the mall, offering a vibrant environment conducive to productivity and innovation.



RETAIL SEGMENT

ONGOING / NEW / COMPLETED INITIATIVES

Sunway Carnival Mall



The car count and retail footfall in Sunway Carnival Mall have increased in conjunction with the **opening of the Butterworth-Kulim Expressway ("BKE")**.

Since the grand reopening of Sunway Carnival Mall in June 2022, it has **welcomed an array of esteemed brands and stores, significantly enhancing the diversity of its tenancy mix.** Among these notable additions are industry-leading brands such as Jaya Grocer, Uniqlo, HaiDiLao, Sports Direct, Charles & Keith and many more. With these new store additions, Sunway Carnival Mall stands at the forefront of redefining the retail landscape, promising an fulfilling experience for shoppers and tenants.



MEDIUM- / LONG-TERM TARGETS



Implementing **digital transformation initiatives** such as real time monitoring, robotic cleaning, smart office solutions, machine learning, AI technology for operational improvements



Elevating F&B offerings with "Winner Brands" and reconfiguring space-planning for high-performing tenants



Taking on a larger role and adopting branding approach to introduce Sunway Pyramid Mall as a Resort Mall Destination



Improving operational cost management by implementing cost discipline and reducing building energy use intensity



Continuing **sustainable development initiatives** to transform Sunway Malls into low-carbon assets

PROSPECTS

The supply of retail malls in Malaysia will rise further in 2024. While representing new competition, these new retail malls could add depth and breadth to retail offerings and elevate Malaysia's position as a retail destination. The evolution of the retail landscape could attract more internationally renowned brands to have their presence in Malaysia which will benefit the overall retail industry. Therefore, the Manager strongly believes that established regional malls will continue to be well-placed to attract the best tenants.

According to Retail Group Malaysia, the retail industry is projected to grow by 3.5% in 2024, highlighting that the biggest challenge for the industry will be the rising cost of living. Two tax-related policies announced in Budget 2024 namely the increase in SST from 6% to 8% and the introduction of high value goods tax, are expected to have minimal impact on consumer spending.

On the Asset Enhancement Initiatives ("AEIs") front, Sunway Pyramid Mall is currently undertaking reconfiguration of a previous anchor tenant's area, accounting for approximately 11% of net lettable area of the mall, which is targeted to be completed in FY2024. The Manager has secured tenants for approximately 62% of the said area as of December 2023 with positive rental reversion.

In addition, Sunway Carnival Mall is undergoing refurbishment for its existing wing (Phase 2) following the strong performance of the new wing which was completed in June 2022. The Phase 2 refurbishment is slated to be completed in phases between early 2024 to the end of 2025 and we expect an uplift in NPI upon the full completion. As of 31 December 2023, the Manager has secured 75% of committed tenants for the existing wing in Sunway Carnival Mall.

The growth in Sunway REIT's retail segment is expected to be marginally impacted in FY2024 as a result of the above-mentioned ongoing AEIs in two of its major retail malls.

HOTEL SEGMENT

SEGMENT
CONTRIBUTION BY
REVENUE

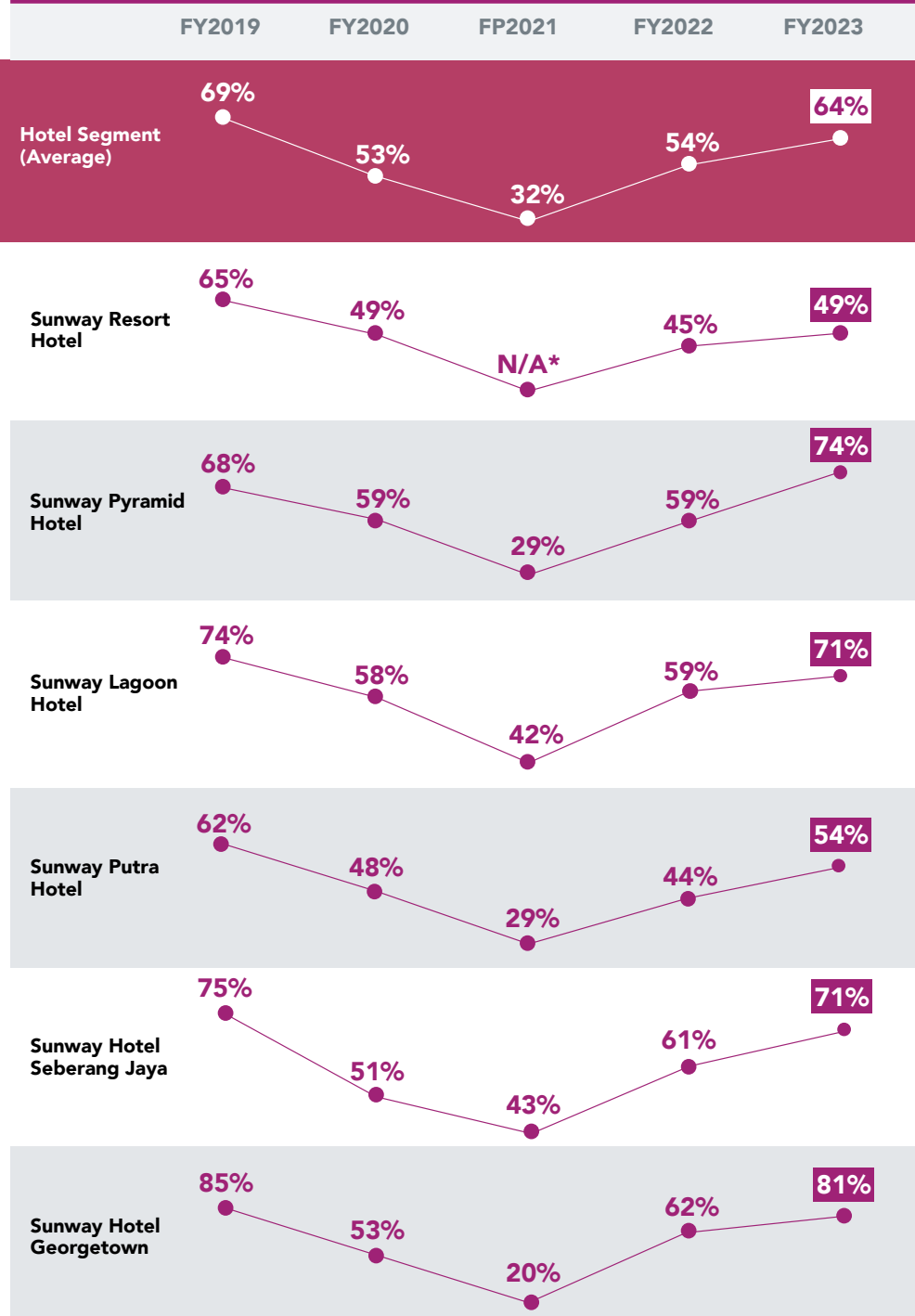
12%
(FY2022: 10%)

SEGMENT
CONTRIBUTION BY
PROPERTY VALUE

21%
(FY2022: 20%)

The hotel segment registered a remarkable growth in average occupancy rate in FY2023, as evidenced by the improvement in average occupancy rate which rose from 54% in FY2022 to 64% in FY2023. The average room rate recorded a healthy increase in the same period, indicating effective room revenue management practices, effective yield management and pricing strategy which was in line with the improved occupancy. This encouraging performance was underpinned by the stronger pick-up in domestic travellers in conjunction with festive seasons and school holidays, a steady recovery in international travellers, and increased demand for meetings, incentives, conferences and exhibitions ("MICE") activities.

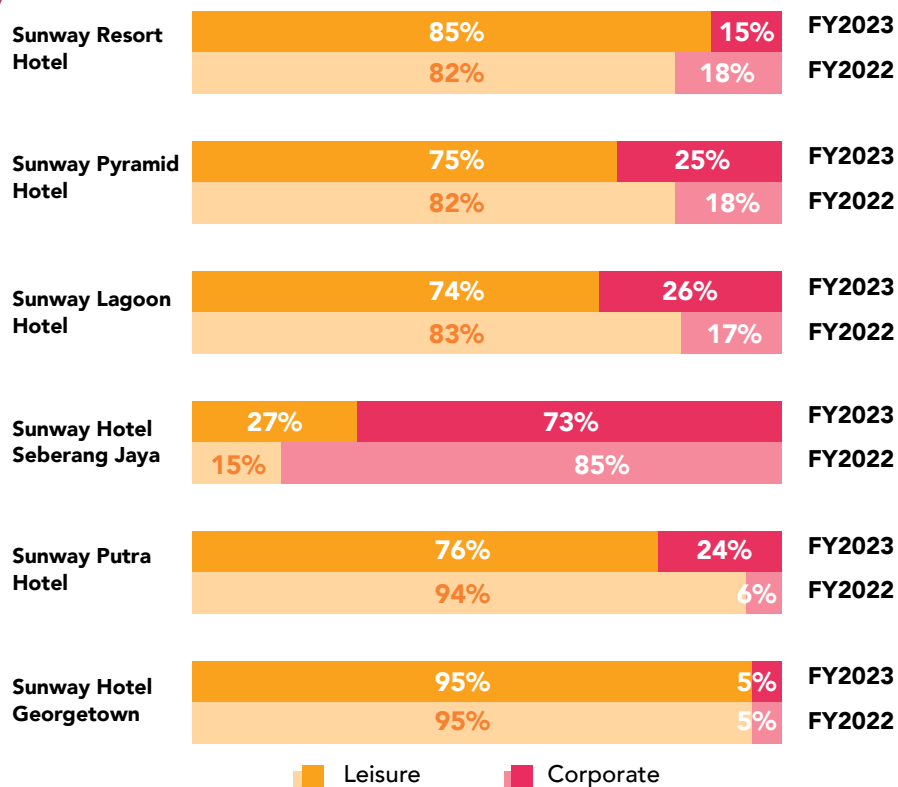
FIVE-YEAR AVERAGE OCCUPANCY RATE



* Sunway Resort Hotel was closed for refurbishment in FP2021.

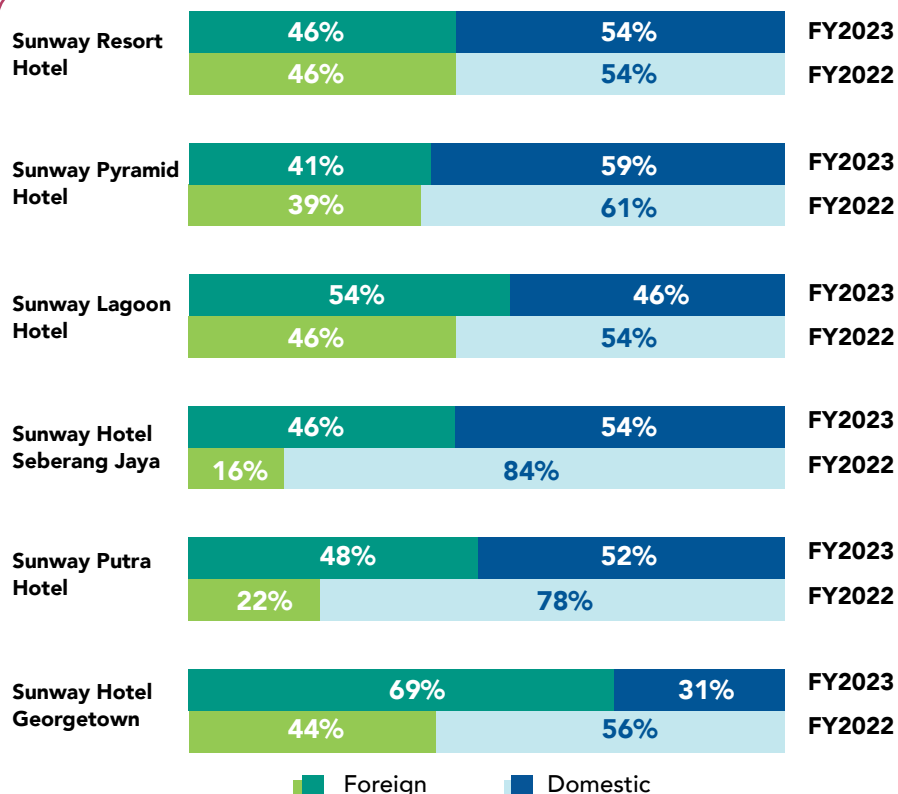
HOTEL SEGMENT

GUEST PROFILE BY ROOM REVENUE (%)



Leisure travellers were the primary contributor of revenue across all hotel properties, with the exclusion of Sunway Hotel Seberang Jaya which continues to predominantly cater to corporate clientele. With the surge in demand for MICE activities, there had been a noteworthy uptick in corporate travellers staying at Sunway Pyramid Hotel, Sunway Lagoon Hotel and Sunway Putra Hotel.

FOREIGN VS DOMESTIC TRAVELLERS BY OCCUPIED ROOM (%)



Since the reopening of international borders, there was a commendable overall increase in the arrivals of foreign tourists to the hotels. Notably, visitors from the Middle East, Singapore, China, and Indonesia have made a substantial contribution to this growth in Sunway REIT's hotel properties.

HOTEL SEGMENT

ACHIEVEMENTS IN FY2023

AWARDS & RECOGNITIONS

**Sunway Putra Hotel**

- Best Managed & Sustainable Property Awards 2023, The Edge Malaysia



- Best Family Hotel 2023, International Travel Awards
- Muslim-Friendly Hospitality Services Recognition 2023 (Grade: Silver), Islamic Tourism Centre ("MOTAC")
- Traveller Review Awards 2023 (Grade: 8.6/10), Booking.com

Sunway Hotel Seberang Jaya

- KAYAK Travel Award

**Sunway Hotel Georgetown**

- Top Producing Hotel, Trip.com



- KAYAK Travel Award

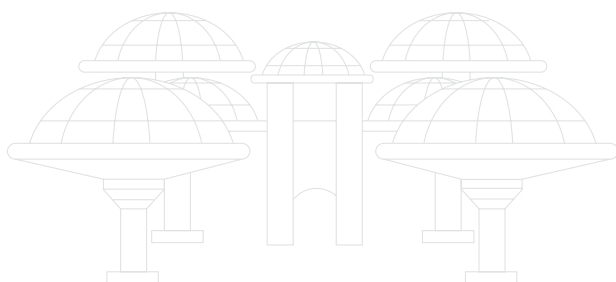


HOTEL SEGMENT

AWARDS & RECOGNITIONS

Sunway Resort Hotel

- **PLATINUM** GreenRE Platinum Certification, the highest recognition of Green Building certification in Malaysia



- **HAPA Awards Malaysia Series 2023-2024**



- **Sunway Resort Hotel**

- Malaysia's Best 20 Hotels & Resorts, 5-Star Resort
- The Resilience Award

- **Gordon Ramsay Bar & Grill**

- Best 20 Service Excellence Establishments
- Malaysia's Best 30 Restaurants

- **Talentbank Graduates' Choice of Employer 2023**

- **Sunway City Kuala Lumpur Hotels**

- 1st Runner-Up in Hotels



- **Sunway Pyramid Convention Centre**

- 4th in Convention Centre



- **Tatler Dining Awards 2023**

- Gordon Ramsay Bar & Grill – Best New Restaurant and Top 20 Restaurants in 2023

- **World Islamic Tourism Award ("WITA") 2023**

- Best Muslim Friendly Resort Hotel

- **World Top Gourmet Awards 2023**

- The Resort Café – International Buffet
- Gordon Ramsay Bar & Grill – Premium British Cuisines

HOTEL SEGMENT

ONGOING / NEW / COMPLETED INITIATIVES

- A | Lobby enhancement for Sunway Putra Hotel and façade upgrading for the three-in-one integrated development property including Sunway Putra Hotel, Mall and Office Tower



- B | New offerings in Sunway Putra Hotel

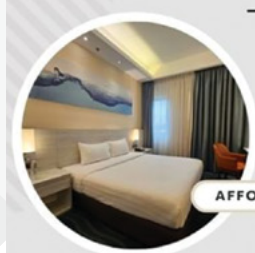
- Launching of the first Indonesian restaurant within a five-star hotel, Rumah Makan Nusantara, which serves a variety of Indonesian dishes from different provinces across Indonesia



- Launching of A Basic One ("AB1") and A Basic One Plus ("AB1+") rooms at a five-star hotel, Sunway Putra Hotel



A BASIC ONE ROOM



NO HOUSEKEEPING SERVICE

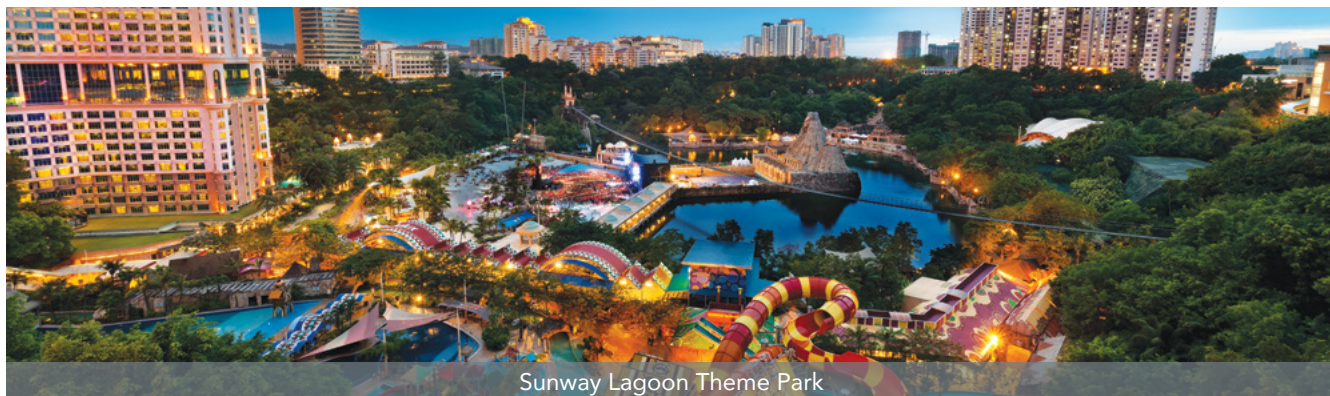
NO GYM & POOL ACCESS



HOTEL SEGMENT

ONGOING / NEW / COMPLETED INITIATIVES

- C | Rebranding of Sunway Lagoon Hotel in collaboration with Sunway Lagoon Theme Park, to attract theme park holiday-goers to stay at the hotel with new packages and offerings



- D | Once-In-A-Generation Transformation for Sunway Resort Hotel



Sunway Resort Hotel phased its reopening since May 2022, fully opening with 460 rooms in July 2023. Various family room options were introduced, including Family Terrace rooms, Family Fun Suites and Waterventure Terrace.



HOTEL SEGMENT

ONGOING / NEW / COMPLETED INITIATIVES

Family-centric spaces were created, including the **Premium Leisure Lounge**, **Wonderland Explorers** and **Waterventure**, offering entertaining and educational activities with a focus on sustainability.



Family-centric spaces

New dining experiences were launched in Sunway Resort Hotel, including **Gordon Ramsay Bar & Grill** and **Black Tap Craft Burgers & Shakes**.



Gordon Ramsay Bar & Grill



Black Tap Craft Burgers & Shakes



Linkway Café

The Resort Café offers local, Asian and Western selections, while **Sunset Terrace** provides poolside dining featuring wood-fired pizza and international cuisine. **The Linkway Café** was introduced at the hotel lobby.



Sunset Terrace



Sunway Hotels & Resorts App, a custom-built app developed for contactless check-in and check-out, keyless room entry, and room customisation.

Sunway Moments App, Sunway Resort Hotel's exclusive membership programme.

HOTEL SEGMENT

MEDIUM- / LONG-TERM TARGETS



Actively **drive business growth in international markets** by appointing sales agent representatives in key markets



Explore new business segments such as premium weddings, concerts, dance and music, as well as international world-class sporting events



Work closely with other Sunway business units such as Sunway Travel to target new markets with differentiated products and offerings



Leveraging pre-buy business at Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya



Establish close relationships with travel agencies in Penang to **target leisure and medical tourists**, with the opening of Sunway Medical Centre in Seberang Jaya



Close monitoring of day-to-day pricing trends to determine room rates

PROSPECTS

Tourism Malaysia projects 2024 tourist arrival to surpass the 2019 pre-pandemic level of 26.1 million foreign visitors, particularly visitors from China and India following improved flight connectivity and resumption of flights to Northeast Asia destinations. Additionally, the recently granted 30-day visa-free entry, effective 1 December 2023 for visitors from China, India, Turkiye, Jordan, Saudi Arabia, Qatar, the UAE, Bahrain, Kuwait, Iran and Iraq, is expected to further catalyse the tourism industry in Malaysia.

In 2023, medical tourism witnessed a surge, with countries in the Asia-Pacific region gaining market share due to affordability and exceptional healthcare services. Malaysia welcomed close to 1.1 million medical tourism-related visitors in 2023, marking a remarkable increase of 26% from the previous year.

Malaysia's strategic positioning in the Muslim-friendly and medical tourism segment bodes well for Sunway REIT's hotels which are in close proximity to Sunway Medical Centre and surrounding medical centres. Given these positive factors, the Manager is confident in a sustainable growth trajectory for the hotel segment in FY2024, supported by full-room inventory at Sunway Resort Hotel.

OFFICE SEGMENT

SEGMENT CONTRIBUTION BY REVENUE

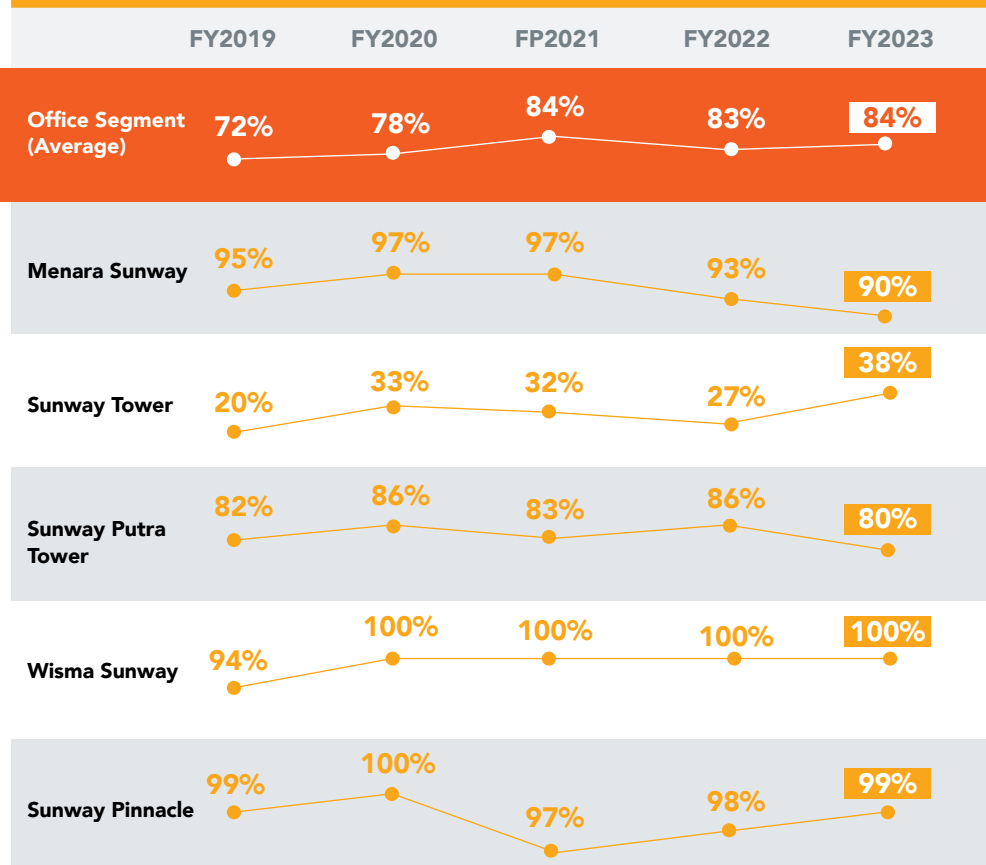
12%
(FY2022: 12%)

SEGMENT CONTRIBUTION BY PROPERTY VALUE

11%
(FY2022: 10%)

The Office segment recorded a stable five-year average occupancy rate and achieved 84% average occupancy rate in FY2023. Sunway Tower welcomed new tenants, including Sunway X Farms and achieving 38% occupancy rate which was the highest in the past five years. The Manager remains steadfast and committed to improving the occupancy for Sunway Tower and office properties in the near term.

FIVE-YEAR AVERAGE OCCUPANCY RATE



TENANT MIX (BASED ON DECEMBER 2023)

Menara Sunway

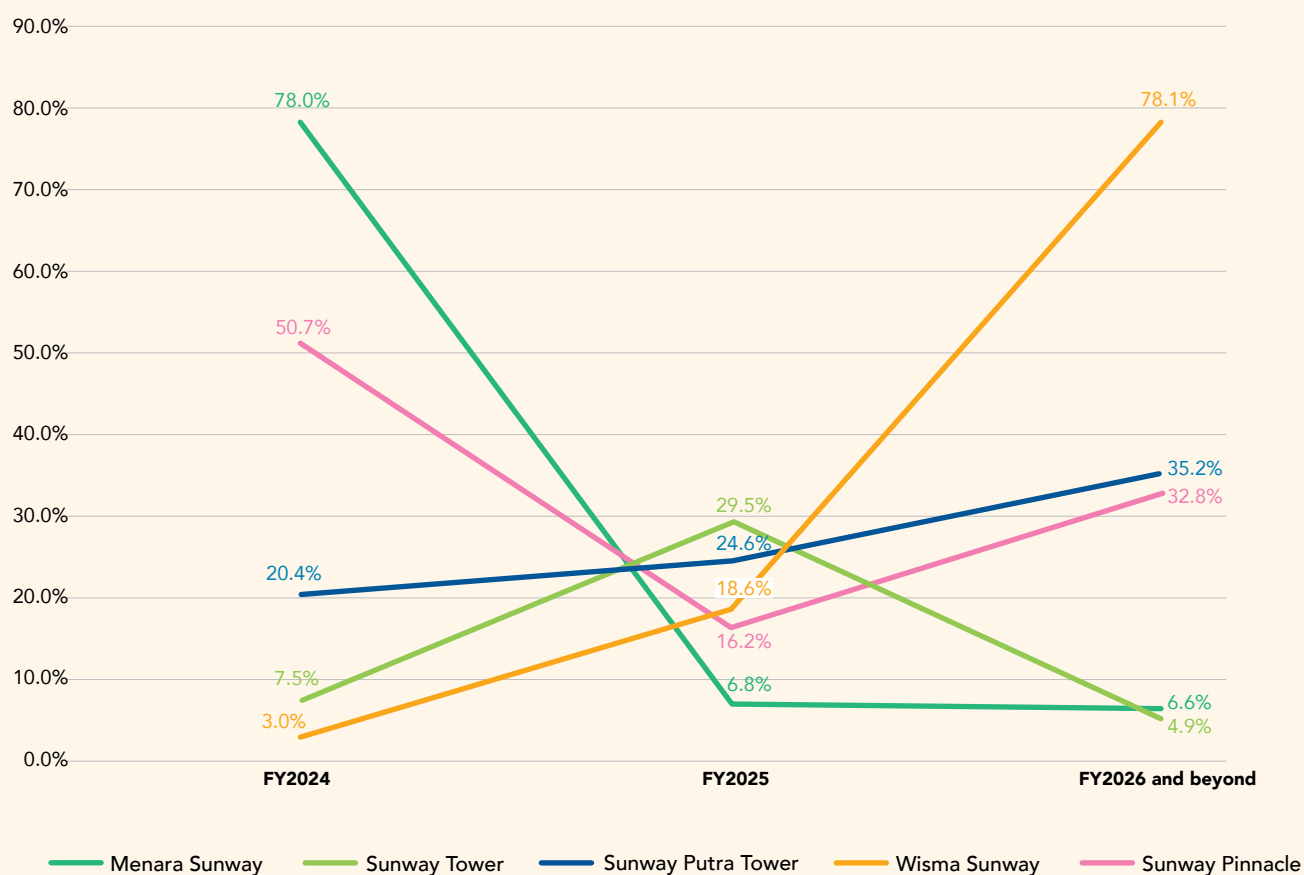
By Gross Rental Income	Tenant Mix	By Net Lettable Area
30.8%	Management services	26.2%
17.1%	Property	15.0%
15.6%	Medical	15.9%
11.2%	Construction	10.3%
5.1%	Technology	4.6%
2.9%	Trading	2.7%
2.9%	Leisure	3.0%
2.5%	Retail	2.4%
2.0%	Supply & Manufacturing	1.8%
1.7%	Leasing	1.6%
8.2%	Others	9.8%
-	Vacant	6.7%
100%	Total	100%

Sunway Tower

By Gross Rental Income	Tenant Mix	By Net Lettable Area
39.0%	Consultancy (Finance)	14.1%
24.3%	Agriculture	13.9%
21.5%	Technology	8.9%
7.5%	Consultancy (Rubber)	2.9%
6.9%	Consultancy	2.1%
0.8%	Others	0.0%
-	Vacant	58.1%
100.0%	Total	100.0%

OFFICE SEGMENT

LEASE EXPIRY SCHEDULE (EXPIRING TENANCIES AS % OF TOTAL NLA)



Sunway Putra Tower

By Gross Rental Income	Tenant Mix	By Net Lettable Area
91.4%	Government Agency	73.6%
4.1%	Technology	2.9%
2.2%	Medical	1.8%
1.5%	Retail	1.4%
0.8%	Communication	0.5%
-	Vacant	19.8%
100.0%	Total	100.0%

Sunway Pinnacle

By Gross Rental Income	Tenant Mix	By Net Lettable Area
28.9%	Technology	28.4%
19.9%	Pharmaceutical service	20.9%
17.2%	Telecommunication	17.6%
8.3%	Chemical development	8.1%
6.6%	Travel	6.3%
4.2%	IT Service	3.8%
3.8%	Oil & Gas	4.2%
2.7%	Logistic	2.8%
2.2%	Building materials	1.9%
6.2%	Others	5.9%
-	Vacant	0.1%
100%	Total	100%

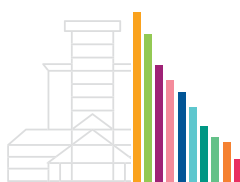
Wisma Sunway

By Gross Rental Income	Tenant Mix	By Net Lettable Area
96.8%	Government Agency	97.0%
3.2%	Consultancy	3.0%
100%	Total	100%

OFFICE SEGMENT

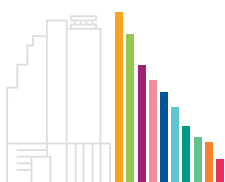
TOP 10 TENANTS (BASED ON DECEMBER 2023 GROSS RENTAL INCOME)

Menara Sunway



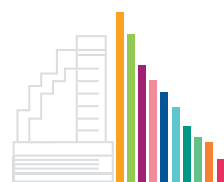
21.2%	Sunway Services Sdn Bhd
14.2%	Sunway Integrated Properties Sdn Bhd
8.4%	Roche Services (Asia Pacific) Sdn Bhd
8.3%	Sunway Construction Group Berhad
7.2%	Merck Sdn Bhd
2.9%	Sunway Marketing Sdn Bhd
2.9%	Sunway Quarry Industries Sdn Bhd
2.5%	TF Value Mart Sdn Bhd
2.3%	Sunway Ventures Sdn Bhd
2.0%	Sunway Computer Services Sdn Bhd

Sunway Tower



24.3%	Sunway XFarms Sdn Bhd
19.7%	YYC Holdings Sdn Bhd
12.2%	VPO Services Sdn Bhd
9.1%	Iconnectix Sdn Bhd
8.0%	Eftech Drilling Solution Sdn Bhd
7.5%	R1 International Malaysia Sdn Bhd
6.1%	ZJ Advisory Sdn Bhd
4.4%	SK Networks Retails Malaysia Sdn Bhd
4.0%	Pimpinan Ehsan Berhad
2.9%	Kitago Sdn Bhd

Sunway Putra Tower



35.1%	JKR Wilayah Persekutuan Kuala Lumpur
20.6%	Lembaga Pembangunan Industri Pembinaan Malaysia (CIDB)
19.2%	Kementerian Perdagangan Dalam Negeri Koperasi dan Kepenggunaan Malaysia
6.1%	Jabatan Perdana Menteri (ICU)
4.3%	Cradle Fund Sdn Bhd
4.2%	Construction Research Institute Of Malaysia (CREAM)
4.1%	Nano Commerce Sdn Bhd
1.5%	Health Digital Technologies Sdn Bhd
1.5%	Giosis Sdn Bhd
1.2%	Pemandu Associates Sdn Bhd

71.9 %

WALE 1.00 year

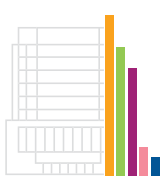
98.2 %

WALE 1.32 years

97.8 %

WALE 1.34 years

Wisma Sunway



50.7%	Jabatan Kesihatan Negeri Selangor
24.2%	Jabatan Alam Sekitar
16.4%	Lembaga Hasil Dalam Negeri
5.5%	Pejabat Kementerian Pelancongan Dan Kebudayaan Malaysia Negeri Selangor
3.2%	SM Centre (MYS) Sdn Bhd

100 %

WALE 2.38 years

Sunway Pinnacle



11.1%	Roche Services (Asia Pacific) Sdn Bhd
10.4%	Maxis Broadband Sdn Bhd
6.8%	Ericsson (Malaysia) Sdn Bhd
6.5%	Lodging Partner Travel Sdn Bhd (Expedia)
5.9%	Johnson & Johnson Sdn Bhd
4.5%	Evonik Malaysia Sdn Bhd
4.3%	Accenture Solutions Sdn Bhd
4.0%	Huntsman Global Business Services Sdn Bhd
3.8%	Linde Malaysia Sdn Bhd
3.4%	Thyssenkrupp Elevator Malaysia Sdn Bhd

60.7 %

WALE 1.38 years

OFFICE SEGMENT

ACHIEVEMENTS IN FY2023

AWARDS & RECOGNITIONS

Menara Sunway

GOLD Gold Class 2 Award – awarded by Malaysian Society for Occupational Safety & Health



OPERATIONAL IMPROVEMENTS



Lift replacement and modernisation in Menara Sunway



Repurposed and transformed three floors in Sunway Tower into **the largest indoor vertical farm** in Kuala Lumpur



Conversion of underutilised space / walkway to a retail lot in Sunway Pinnacle



Urban farm in Sunway Tower

MEDIUM- / LONG-TERM TARGETS



Implementation of **digital marketing strategies** in social media to boost leads and generate more leasing enquiries



Improve property yield by **driving higher building rental rates and occupancy**



Upgrading of building facilities and amenities



Attractive pricing strategies to improve occupancy



Offer **rental capex amortisation package** to attract tenants

PROSPECTS

The office sector in Malaysia is anticipated to see a continued increase in incoming supply in 2024. The overhang of vacant office space especially in Klang Valley will adversely affect rental growth prospects. However, Malaysia's relatively cheap rental may entice relocations of more regional offices to Malaysia.

To ensure that Sunway REIT's office properties are included in their list for consideration, the Manager will continuously enhance their properties to meet green building requirement as well as achieving Malaysia Digital ("MD") status.

Against the backdrop of supply outstripping demand, it is projected that rental rates and occupancy rates for the office segment will remain challenging. Nonetheless, the Manager is confident that the contribution of the Office segment in Sunway REIT's portfolio will remain stable in FY2024.

SERVICES SEGMENT

SEGMENT
CONTRIBUTION BY
REVENUE

8%

(FY2022: 10%)

SEGMENT
CONTRIBUTION BY
PROPERTY VALUE

6%

(FY2022: 11%)



The Services segment consists of Sunway university & college campus on a triple-net master lease with a fixed rental and predetermined annual rental uplift.

COMPLETION OF THE PROPOSED DISPOSAL OF SUNWAY MEDICAL CENTRE (TOWER A & B)

On 29 December 2022, Sunway REIT announced the proposed disposal¹ of Sunway Medical Centre (Tower A & B)² for a cash consideration of RM430 million. The disposal was successfully completed on 30 August 2023, and accordingly, the rental contribution has since ceased. Sunway REIT successfully realised a gross gain on its disposal of RM60 million (excluding incidental costs), representing a 16.2% premium above the market value of RM370 million. The property was valued by an independent property valuer, Savills (Malaysia) Sdn Bhd, in December 2022. Meanwhile, compared to the cost of investment of RM320 million, the disposal crystallised gross gains of RM110 million since the acquisition.

¹ The Board of Directors of Sunway REIT Management Sdn Bhd, being the Manager for Sunway REIT, announced that RHB Trustees Berhad, as the trustee for Sunway REIT, had on 29 December 2022 entered into a conditional Sale and Purchase Agreement ("SPA") with Sunway Medical Centre Sdn Bhd ("SMCSB"), a 99.99%-owned subsidiary of Sunway Healthcare Holdings Sdn Bhd ("SHH"). SHH is a 90.26%-owned subsidiary of Sunway City Sdn Bhd, which is in turn a wholly-owned subsidiary of Sunway Berhad.

² The property is located at No. 5, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia.

SERVICES

INDUSTRIAL & OTHERS SEGMENT

SEGMENT
CONTRIBUTION BY
REVENUE

1%

(FY2022: 1%)

SEGMENT
CONTRIBUTION BY
PROPERTY VALUE

2%

(FY2022: 2%)



The Industrial & Others segment comprises Sunway REIT Industrial – Shah Alam 1 and Sunway REIT Industrial – Petaling Jaya 1.

Sunway REIT Industrial – Shah Alam 1 is on a triple-net master lease with rent reviews conducted every three years, with the last review conducted on 1 January 2022.

Sunway REIT Industrial – Petaling Jaya 1 was acquired on 10 November 2022, and a tenant occupying approximately 27% of net lettable area at Sunway REIT Industrial – Petaling Jaya 1 has commenced its tenancy in December 2023. The Manager is in the advanced stage of negotiations with prospective tenants for the remaining space.

PROPOSED ACQUISITION OF AN INDUSTRIAL ASSET IN PRAI, PENANG

On 18 December 2023, Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust, informed that RHB Trustees Berhad, the trustee of Sunway REIT, had entered into a conditional Sale and Purchase Agreement (“SPA”) with Best Corridor Venture Sdn. Bhd., to acquire an industrial property located at Bukit Tengah Industrial Park, Prai, Penang, for a cash consideration of RM66.8 million.

The Property is 100% occupied by three multinational companies for their manufacturing, logistics and warehousing requirements, respectively. The Proposed Acquisition is anticipated to generate an initial NPI yield of approximately 7.6% based on purchase consideration. After taking into consideration the potential leasehold extension premium to be paid, it is envisaged that the Property will generate an NPI yield of approximately 7.0%. The Proposed Acquisition is, therefore, expected to contribute positively to the future earnings and distribution per unit of Sunway REIT as well as being yield-accretive to the asset portfolio of Sunway REIT.

INDUSTRIAL &
OTHERS

INTELLECTUAL CAPITAL

Sunway REIT's Intellectual Capital represents the combined expertise in specialised asset management and the inherent experience possessed by Sunway REIT's Board of Directors and Senior Management. The approach to managing Intellectual Capital involves implementing effective management systems, standard operating procedures and policies to facilitate and reinforce the specialised knowledge in Sunway REIT. Additionally, fostering a conducive corporate culture and maintaining a strong brand reputation, both Sponsor and Sunway REIT play pivotal roles in maximising the potential of the Intellectual Capital.

GENDER

57%
Male

43%
Female

The Board comprises three women Board members, thus achieving more than 30% of female representation on the Board.

COMPOSITION

57%
Independent

43%
Non-Independent

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.

AGE GROUP

28.6%
50 years old
and below

28.6%
51 to 70 years old

42.8%
71 years old
and above

The Board comprises a good mix and balance of experience, skill sets and diversity and comprises qualified members in its composition.

DIRECTORS' PROFILE



A Tan Sri Amirsham Bin A Aziz
Chairman,
Independent Non-Executive Director

B Clement Chen Kok Peng
Chief Executive Officer,
Non-Independent Executive Director

C Datuk Christopher Martin Boyd
Senior Independent Non-Executive Director

**D Tengku Nurul Azian Binti
Tengku Shahrman**
Independent Non-Executive Director

E Yeo Kar Peng
Independent Non-Executive Director

F Ng Sing Hwa
Non-Independent Non-Executive Director

G Sarena Cheah Yean Tih, s.m.s.
Non-Independent Non-Executive Director

DIRECTORS' PROFILE



Chairman,
Independent
Non-Executive
Director

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MALE



Tan Sri Amirsham Bin A Aziz

Date of Appointment:
8 April 2022

Board Committee:
-

Academic and Professional Qualifications

- Degree in Bachelor of Economics (Honours), University of Malaya
- Member, Malaysian Institute of Certified Public Accountants

Working Experience

Present Appointment:

- Independent Non-Executive Director and Chairman of the Audit Committee, Hap Seng Plantations Holdings Berhad

Past Experiences:

- President and Chief Executive Officer, Malayan Banking Berhad
- Minister, Prime Minister's Department (Economic Planning Unit and Department of Statistics)
- Chairman, National Economic Advisory Council
- Independent Non-Executive Chairman, Bursa Malaysia Berhad
- Independent Non-Executive Chairman, RAM Holdings Berhad
- Independent Non-Executive Chairman, RAM Rating Services Berhad

Other Directorships

Listed Issuer(s)

Hap Seng Plantations Holdings Berhad

Public Company(ies)

NIL

Private Company(ies) and Other Organisation(s)

- Glenealy Plantations Sdn Bhd (Non-Executive Director)



Chief Executive
Officer,
Non-Independent
Executive Director

41

MALE



Clement Chen Kok Peng

Date of Appointment:
1 July 2023

Board Committee:
Member of the Sustainability Committee

Academic and Professional Qualifications

- Bachelor of Arts (Honours) Finance, Accounting and Management, University of Nottingham, United Kingdom
- Chartered Accountant, Malaysian Institute of Accountants
- Fellow Chartered Accountant, Institute of Chartered Accountants in England and Wales
- Capital Markets Services Representative's Licence (CMSRL) Holder

Working Experience

Present Appointment:

- Director, SUNREIT Capital Berhad
- Director, SUNREIT Bond Berhad (formerly known as SUNREIT Unrated Bond Berhad)
- Director, SUNREIT Perpetual Bond Berhad

Past Experiences:

- Finance Trainee, Sunway Holdings Incorporated Berhad (now known as Sunway Holdings Sdn Bhd)
- Financial Controller, Sunway Hatay Co Ltd, Vietnam
- Assistant General Manager - Corporate Finance and Investor Relations, Sunway Berhad
- General Manager - Business Development, Sunway Integrated Properties Sdn Bhd

Other Directorships

Listed Issuer(s)

NIL

Public Company(ies)

- SUNREIT Capital Berhad
- SUNREIT Bond Berhad (formerly known as SUNREIT Unrated Bond Berhad)
- SUNREIT Perpetual Bond Berhad

Private Company(ies) and Other Organisation(s)

- SUNREIT Hartanah Sdn Bhd (Executive Director)

DIRECTORS' PROFILE



Senior
Independent
Non-Executive
Director

76
MALE



Datuk Christopher Martin Boyd

Date of Appointment:
8 April 2022

Board Committee:

- Chairman of the Audit Committee
- Member of the Risk Management Committee
- Member of the Nomination and Remuneration Committee

Academic and Professional Qualifications

- Fellow, Royal Institution of Chartered Surveyors, Australia
- Fellow, Royal Institution of Surveyors Malaysia
- Fellow, Association of Valuers, Property Managers, Estate Agents & Property Consultants in the Private Sector Malaysia
- Member, Singapore Institute of Surveyors and Valuers
- Associate, Australian Property Institute

Working Experience

Present Appointments:

- Proprietor, Chris Boyd Property Consultants

Past Experiences:

- Partner, Jones Lang Wootton Malaysia
- Director, Jones Lang Wootton Singapore
- Partner, Knight Frank Baillieu Malaysia
- Executive Chairman, Savills (Malaysia) Sdn Bhd
- Director, Eastern & Oriental Berhad
- Director, MUI Properties Berhad

Other Directorships

Listed Issuer(s)

NIL

Public Company(ies)

NIL

Private Company(ies) and Other Organisation(s)

- Chris Boyd Property Consultants (Executive Director)
- Cool Paradise Sdn Bhd (Non-Executive Director)
- Refocus Sdn Bhd (Non-Executive Director)
- Max Horizon Sdn Bhd (Non-Executive Director)
- Lenzcheck Sdn Bhd (Non-Executive Director)
- Cornerside Development Sdn Bhd (Non-Executive Director)
- Boyd & Partners (Executive Director)
- Yayasan Hash Heritage - Board of Trustees (Chairman)
- Malaysian Nature Society - Board of Governors (Chairman)



Independent
Non-Executive
Director

60
FEMALE



Tengku Nurul Azian Binti Tengku Shahrman

Date of Appointment:
11 March 2016

Board Committee:

- Chairperson of the Nomination and Remuneration Committee
- Member of the Audit Committee
- Member of the Risk Management Committee

Academic and Professional Qualifications

- Bachelor of Law, School of Oriental & African Studies, University of London
- Barrister-at-Law, The Honourable Society of Inner Temple
- Former Advocate and Solicitor of the High Court of Malaya

Working Experience

Present Appointments:

- Independent Non-Executive Director, Chairperson of the Audit and Risk Committee, Dutch Lady Milk Industries Berhad
- Independent Non-Executive Chairperson, member of the Audit and Risk Management as well as Remuneration Committee, FM Global Logistics Holdings Berhad
- Independent Non-Executive Director, a member of the Audit and Risk Committee, PPB Group Berhad
- Board Member, Global Education Leaders Malaysia Berhad (Pemimpin GSL)
- Board of Governors, SMK Convent Bukit Nanas

Past Experiences:

- Executive Vice President and Partner, PEMANDU Associates Sdn Bhd
- Director of Education and Human Capital Development in the Performance Management and Delivery Unit (PEMANDU), Prime Minister's Department
- Head of Corporate Finance, RHB Investment Bank Berhad
- Advocate and Solicitor, Messrs Shook Lin & Bok

Other Directorships

Listed Issuer(s)

- Dutch Lady Milk Industries Berhad
- FM Global Logistics Holdings Berhad
- PPB Group Berhad

Public Company(ies)

- Global Education Leaders Malaysia Berhad (Pemimpin GSL), Board Member

Private Company(ies) and Other Organisation(s)

- SMK Convent Bukit Nanas, Board of Governors

DIRECTORS' PROFILE



Independent
Non-Executive
Director

62

FEMALE



Yeo Kar Peng

Date of Appointment:
2 January 2019

Board Committee:

- Chairperson of the Sustainability Committee
- Member of the Audit Committee
- Member of the Nomination and Remuneration Committee
- Member of the Risk Management Committee

Academic and Professional Qualifications

- Bachelor of Economics majoring in Accounting and Finance, Monash University, Clayton Melbourne, Australia
- Member, CPA Australia

Working Experience

Present Appointments:

- Trustee, Top Glove Foundation

Past Experiences:

- Board member, Khazanah National Berhad
- Managing Partner, Citigroup Global Markets Malaysia Sdn Bhd
- Head of Research, UBS Equity Research (Malaysia) Sdn Bhd
- Head of Research, WI Carr (Malaysia) Sdn Bhd
- Analyst, Ariffin and Low (now known as CIMB Securities)
- Accountant, Cooperative Central Bank
- Auditor, Ernst and Winney (now known as Ernst & Young)
- Chairman and Founding Partner, Kendall Court Capital Partners Ltd
- Independent Non-Executive Director, EON Bank Berhad

Other Directorships

Listed Issuer(s)

NIL

Public Company(ies)

- Top Glove Foundation

Private Company(ies) and Other Organisation(s):

- Happy Learning (2006) Inc (Non-Executive Director)
- Kendall Place Holdings Ltd (Non-Executive Director)
- Kendall Court Capital Management Limited (Non-Executive Director)
- Cenviro Sdn Bhd (Non-Executive Director)
- Kendall Court Cambridge Investment Manager Limited (Non-Executive Director)



Non-Independent
Non-Executive
Director

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MALE



Ng Sing Hwa

Date of Appointment:
18 November 2013

Board Committee:

Chairman of the Risk Management Committee

Academic and Professional Qualifications

- Completed Program for Management Development, Harvard University Graduate School of Business Administration, Boston
- Chartered Accountant
- Member, Malaysian Institute of Accountants
- Member, Malaysia Institute of Certified Public Accountants

Working Experience

Present Appointments:

- Executive Chairman, Miramas Development Sdn Bhd
- Director, Millennium Pavilion Sdn Bhd, a major shareholder of the REIT Manager

Past Experiences:

- Executive Chairman, Bertam Alliance Berhad
- Managing Director, CI Holdings Berhad
- Group Chief Executive, Faber Merlin Malaysia Berhad

Other Directorships

Listed Issuer(s)

NIL

Public Company(ies)

NIL

Private Company(ies) and Other Organisation(s)

- Seng Yee Holdings Sdn Bhd (Non-Executive Director)
- Dynamic Enterprises Sdn Bhd (Executive Director)
- WL Property Holdings Sdn Bhd (Non-Executive Director)
- Millennium Pavilion Sdn Bhd (Executive Director)
- Miramas Development Sdn Bhd (Executive Director)
- Miramas Properties Sdn Bhd (Executive Director)
- Ishtihar Properties & Development Sdn Bhd (Non-Executive Director)
- Ishtihar Construction Sdn Bhd (Non-Executive Director)
- Ishtihar Realty Sdn Bhd (Non-Executive Director)
- Sekitar Dunia Sdn Bhd (Non-Executive Director)
- Idaman Hijau Sdn Bhd (Non-Executive Director)
- Cabaran Performa Sdn Bhd (Non-Executive Director)
- Dynamic Pro-Parking Sdn Bhd (Non-Executive Director)
- Exclusive Team Development (M) Sdn Bhd (Non-Executive Director)
- Leo August & Associates Sdn Bhd (Non-Executive Director)
- Cabaran Subang Sdn Bhd (Non-Executive Director)

DIRECTORS' PROFILE



Non-Independent
Non-Executive
Director

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FEMALE



Sarena Cheah Yean Tih, S.M.S.

Date of Appointment:
25 August 2010

Board Committee:
Member of the Sustainability Committee

Academic and Professional Qualifications

- Master in Business Administration, Melbourne Business School
- Bachelor of Commerce (Accounting and Finance), University of Western Australia
- Member, Australian Society of Certified Practising Accountants (ASCPA)
- Capital Markets Services Representative's Licence (CMSRL) holder
- Member, National Committee of Real Estate and Housing Developers Association Malaysia (REHDA)

Working Experience

Present Appointments:

- Managing Director, Property Development Division, Sunway Berhad
- Non-Independent Executive Director, Sunway Berhad
- Director, SUNREIT Capital Berhad
- Director, SUNREIT Bond Berhad (formerly known as SUNREIT Unrated Bond Berhad)
- Trustee, Yayasan Raja Muda Selangor
- Director, SUNREIT Perpetual Bond Berhad

Past Experiences:

- Joint Managing Director, Property Development Division, Malaysia/ Singapore, Sunway Group
- Executive Director, Strategy and Corporate Development, Sunway Group
- General Manager, Sales and Marketing, Property Development Division, Sunway Group
- Various roles in Corporate Finance, Group Internal Audit and Business Development Department, Sunway Group
- Director, Bank of America Malaysia Berhad

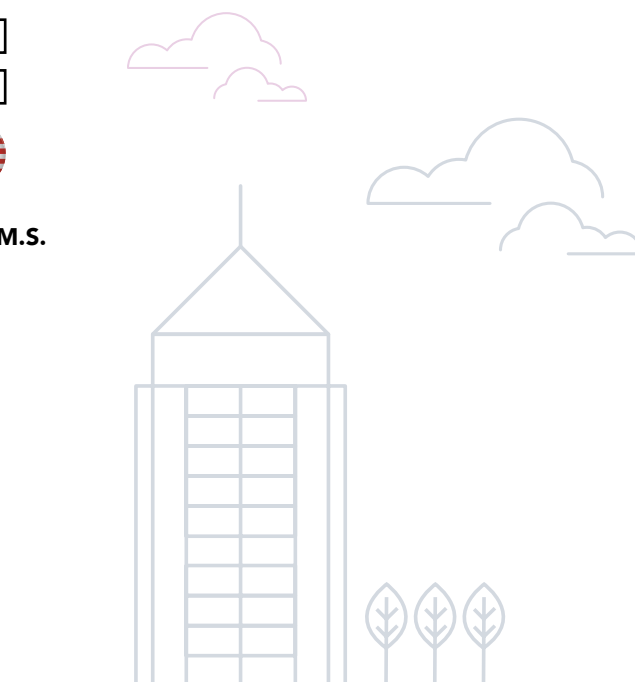
Notes:

Family Relationship with Director and/or Major Unitholder

Ms Sarena Cheah Yean Tih (Ms Sarena Cheah), a Non-Independent Non-Executive Director and major unitholder of Sunway REIT, is an Executive Director and major shareholder of Sunway Berhad. Sarena Cheah is the daughter of Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO ("Tan Sri Sir Dr Jeffrey Cheah") and the sister of Evan Cheah Yean Shin and Adrian Cheah Yean Sun. Tan Sri Sir Dr Jeffrey Cheah, a major unitholder of Sunway REIT, is also the Executive Chairman and major shareholder of Sunway Berhad. Evan Cheah and Adrian Cheah are major shareholders of Sunway Berhad.

Save as disclosed above, none of the Directors have:

- any family relationship with any Director of the Manager and/or major unitholder of Sunway REIT;
- any conflict of interest or potential conflict of interest with Sunway REIT or its subsidiaries;
- any conviction for offences within the past five years (other than traffic offences); and
- any public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.



Other Directorships

Listed Issuer(s)

- Sunway Berhad and Group

Public Company(ies)

- SUNREIT Capital Berhad
- SUNREIT Bond Berhad (formerly known as SUNREIT Unrated Bond Berhad)
- Yayasan Raja Muda Selangor
- SUNREIT Perpetual Bond Berhad
- Elite Commercial REIT Management Pte Ltd (Manager of Elite Commercial REIT which is listed on the Singapore Exchange Securities Trading Limited)

Private Company(ies) and Other Organisation(s)

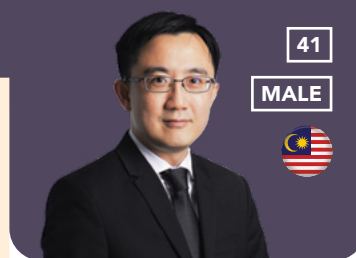
- Active Equity Sdn Bhd and Group (Non-Executive Director)
- Jef-San Enterprise Sdn Bhd (Non-Executive Director)
- Sunway Education Group Sdn Bhd and Group (Non-Executive Director)
- Bendera Teliti (M) Sdn Bhd (Non-Executive Director)
- Excelvagent Sdn Bhd (Non-Executive Director)
- Excelvagent Care Sdn Bhd (Non-Executive Director)
- Excelvagent Education Services Sdn Bhd (Non-Executive Director)
- Progressive Venture Sdn Bhd (Non-Executive Director)
- SUNREIT Hartanah Sdn Bhd (Non-Executive Director)

MANAGEMENT TEAM

Clement Chen Kok Peng

Chief Executive Officer

➔ For more information, please refer to the Directors' Profile section.



Date of Appointment:
1 July 2023

Ng Bee Lien

Chief Financial Officer

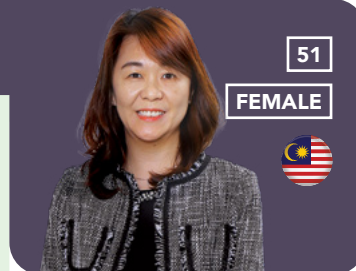
Academic and Professional Qualifications

- Chartered Accountant, Malaysian Institute of Accountants
- Bachelor of Commerce, Majoring in Finance, University of Western Australia
- Capital Markets Services Representative's Licence (CMSRL) Holder

Other Directorships

Listed Issuer
NIL

Public Company
NIL



Date of Appointment:
1 July 2022

Working Experience

Ms Ng started her career as an auditor with Ernst & Young from 1994 to 1997. Thereafter, she joined Muhibbah Engineering (M) Bhd in 1997. Subsequently Ms Ng joined Sunway Construction Group in 2005 and spearheaded Sunway Construction Group Berhad to its public listing in 2015 which she was appointed as the Chief Financial Officer in 2016 before relinquishing her role in 2022 to join Sunway Real Estate Investment Trust.

Koh Sin Yee

Assistant General Manager -
Contracts and Project Management

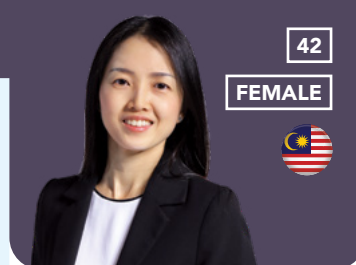
Academic and Professional Qualifications

- Bachelor of Science in Building Contract Management, John Moores University, Liverpool, United Kingdom
- Graduate Member, The Royal Institution of Surveyors Malaysia

Other Directorships

Listed Issuer
NIL

Public Company
NIL



Date of Appointment:
1 November 2017

Working Experience

Ms Koh started her career in 2004 with consultancy firm prior to joining Sunway City Berhad in 2009. At Sunway City Bhd (now known as Sunway City Sdn Bhd), she has gained comprehensive knowledge and experience in Quantity Surveying, Contract Management and Project Management across a variety of industries including property investment, property development, leisure and hospitality where she held various positions. Her last role was Head of Department for Supply Chain & Contract Management, Property Investment Division of Sunway Integrated Properties Sdn Bhd before assuming her current position as Assistant General Manager.

MANAGEMENT TEAM

Adrian Cheah Yean SunSenior Manager –
Corporate and Business Development**Academic and Professional Qualifications**

- Bachelor of International Business in Hotel and Tourism Management, Cesar Ritz Colleges Switzerland

Working Experience

Mr Adrian Cheah started his career as a Manager of Strategic Operations in Sunway International Hotels and Resorts Sdn Bhd from October 2014 to May 2020. He involved in the Group's Business Development team to cultivate strong brand presence in key growth markets across Asia Pacific and the Middle East as well as establishing regional sales office representation. In June 2020, Mr Adrian Cheah was promoted to Senior Manager of Retail Planning in Sunway eMall in which he involved in the predevelopment project and retail planning team in establishing conceptual designs of new and upcoming shopping malls, retail advisory (retail formats and layout configuration), conducting market intelligence studies as well as establishing rental studies for leasing activities.

Other Directorships

Listed Issuer	Public Company
NIL	NIL



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MALE

Date of Appointment:
1 November 2023**Jacqueline Wong Yin Teng**

Head of Sustainability

Academic and Professional Qualifications

- Master of Science in Environmental Management (Merit), University of Nottingham, United Kingdom
- Bachelor of Engineering (Honours) in Chemical Engineering with Environmental Engineering, University of Nottingham, United Kingdom

Working Experience

Ms Jacqueline started her career in 2013 as an analyst in Accenture Malaysia's technology consulting division. Thereafter, Ms Jacqueline joined NK Engineering Sdn Bhd as a sustainability engineer focusing on green building certification. Ms Jacqueline joined Sunway Group in 2015 with roles in project management, business development and landbank. In 2017, Ms Jacqueline was tasked to set up the Group's sustainability department with key responsibilities include developing, managing and overseeing the Group's ESG strategy through effective coordination and communication with key stakeholders. She spearheaded the preparation of the Group's annual sustainability reports which have received multiple awards; gaining improvements in both internationally and locally recognised ESG ratings and rankings.

- Graduate Engineer – Environmental (Reg No.: G193409A), Board of Engineers Malaysia
- Certified Sustainability Reporting Specialist, Institute of Certified Sustainability Practitioners

Other Directorships

Listed Issuer	Public Company
NIL	NIL



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FEMALE

Date of Appointment:
1 July 2023**Lim Sze-Yin**

Compliance Officer

Academic and Professional Qualifications

- Barrister-At-Law, England and Wales (Middle Temple)
- Advocate & Solicitor, High Court of Malaya
- Postgraduate Diploma in Bar Vocational Studies, University of the West of England, Bristol, United Kingdom
- LL.B. (Hons), Oxford Brookes University, United Kingdom

Working Experience

Ms Lim started her legal career in 2010, specializing in Capital Markets, Corporate Real Estate and Real Estate Investment Trusts. She was part of the legal advisory team involved in the listing of Sunway Construction Group Berhad in 2014. Prior to joining the Sunway Group, Ms Lim was the Regional Legal Counsel for CPP Petroleum Engineering (M) Sdn Bhd. Ms Lim joined the legal department of Sunway Group as a Senior Manager on 21 July 2021 and additionally took on the role of Compliance Officer for Sunway REIT on 30 July 2021. She is actively involved in property acquisitions and corporate exercises undertaken by Sunway REIT and Sunway Group.

Other Directorships

Listed Issuer	Public Company
NIL	NIL



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FEMALE

Date of Appointment:
30 July 2021

Notes:
Family Relationship with Director and/or Major Unitholder
Mr Adrian Cheah Yean Sun is a brother of Ms Sarena Cheah, a Non-Independent Non-executive Director and major unitholder of Sunway REIT. Mr Adrian Cheah is a son of Tan Sri Dr Jeffrey Cheah Fook Ling KBE AO, a major unitholder of Sunway REIT, who is also the Executive Chairman and major shareholder of Sunway Berhad.

Save as disclosed above, none of the other Senior Management has:
(i) any family relationship with any Director of the Manager and/or major unitholder of Sunway REIT;
(ii) any conflict of interest or potential conflict of interest with Sunway REIT or its subsidiaries;
(iii) any conviction for offences within the past five years (other than traffic offences); and
(iv) any public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle A: Board Leadership and Effectiveness

The Board is committed to discharging its responsibilities to promote effective corporate governance culture while ensuring that Sunway REIT's strategic plan supports the long-term value creation. This Corporate Governance Overview Statement ("CGOS") is to provide unitholders and investors with an overview of Sunway REIT's corporate governance practices during the financial year ended 31 December 2023. The CGOS is to be read in conjunction with the Corporate Governance Report, which has been made available on the corporate website at www.sunwayreit.com.

SKILLS AND EXPERIENCE OF DIRECTORS

REIT development and investment/property valuation

6/7

Law/regulation

5/7

Corporate governance/risk management/internal controls

7/7

Financial/Banking/Audit

6/7

Sustainability/ESG

6/7

Economic/business

6/7

Information technology/digital strategy

3/7

Human capital/talent management issues

7/7

KEY FOCUS AREAS

Key Focus Areas	Description
ESG	<p>Sunway REIT continuously demonstrates its commitment to protecting the planet, to sustainability and to the community as a whole by adopting sustainable practices that minimise environmental footprint, effectively managing resources and investments, and continuously investing in research and development by empowering the workforce to make a difference.</p> <p>In order to achieve the key sustainability goals, Sunway REIT will take on diverse sustainability initiatives including creating a safe and healthy workplace, fostering learning and development, enriching the community, participating in food donation programs, implementing waste composting, promoting renewable energy use, undertaking decarbonisation efforts, incorporating internal carbon pricing, emphasising value chain considerations, adhering to best practice governance, prioritising green building initiatives, and implementing water recycling.</p>
Board diversity and succession planning	<p>As part of the Board's renewal plan to ensure an appropriate balance of experience, expertise, diversity and innovative perspectives in alignment with Sunway REIT's TRANSCEND 2027 strategic roadmap, the Board will consistently look for suitable candidates to enable a smooth transition of the Independent Director who is approaching the end of the nine-year term in 2025.</p>
Stakeholder engagement	<p>In order to foster strong relationship with stakeholders, actively understand, manage expectations and create shared values over the long term, the Board will periodically assess the effectiveness of its communication approach and channels to ensure effective and regular communication with its stakeholders.</p>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board regards corporate governance as crucial to the success of the Company and Sunway REIT's business, and is unreservedly committed to applying the principles necessary. The Board members uphold the core value of integrity and are accountable and responsible for the performance of the Company and Sunway REIT's performance and affairs. The Board is guided by its Board Charter which shall constitute and form, an integral part of each Director's duties and responsibilities. The Board Charter clearly defines the roles and responsibilities of the Board, Board Committees, and the Management which have been established to ensure that the principles and practices of good corporate governance are observed in all their dealings for and on behalf of the Company and Sunway REIT.

The primary functions and roles of the Board include, but are not limited to the following:

Setting and adopting the vision, mission, objectives, goals, strategic plans, and policies of the Company and Sunway REIT;	Identifying principal risks of the Company and Sunway REIT and ensuring the implementation of appropriate internal control systems to mitigate and manage these risks. The Board through the Risk Management Committee, sets, where appropriate, objectives, performance targets, and policies to manage the key risks faced by the Company and Sunway REIT;
Overseeing and evaluating the conduct and performance of the Company and Sunway REIT against budgets;	Considering and approving the Management's recommendations on key issues, including asset acquisitions and divestments, funding options, asset enhancement initiatives, property development activities, and significant capital expenditures;
Monitoring the progress of the implementation of the strategies, budgets, plans, and policies of the Company and Sunway REIT;	Reviewing the adequacy and integrity of the internal control systems and management information systems of the Company and Sunway REIT, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
Overseeing the conduct of Sunway REIT's assets to evaluate whether they are properly managed to achieve its targeted returns;	Ensuring that proper and effective control systems are in place for compliance with applicable laws and regulations. The Board also sets the disclosure and transparency standards for the Company and Sunway REIT and ensures that its obligations to unitholders of Sunway REIT are understood and met.

In addition to the roles and responsibilities, the Board Charter outlines the Board's strategic intent, Board composition, operation and procedures of the Board towards the management of Sunway REIT, and clear functions reserved for the Board, and those which the Board may delegate to the Board Committees, the Chief Executive Officer ("CEO") and the Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SEPARATION OF POWERS

The division in the roles of the Chairman and CEO is clearly defined in the Board Charter. The objective of the role separation is to ensure an appropriate balance of power, increase accountabilities, and strengthen the Board's role in exercising objective oversight over the Management enhancing the Board's capacity for independent decision-making, while the CEO focuses on the business and day-to-day management of the Company and Sunway REIT.

A summary of the roles and responsibilities of the Chairman, CEO, Senior Independent Directors, and Non-Executive Independent Directors is as follows:

CHAIRMAN	CEO
<ul style="list-style-type: none"> Provides leadership to the Board and ensures the Board's effectiveness in discharging its fiduciary duties Ensures that the procedures and processes are in place to facilitate effective conduct of business by the Board Ensures that Board members work constructively with the Management to address strategies, business operations, financial performance, and risk management issues Ensures effective communication with shareholders, unitholders of Sunway REIT, and relevant stakeholders 	<ul style="list-style-type: none"> Responsible for executing the policies, directives, and strategies as approved by the Board as well as all operational decisions in managing the Manager and Sunway REIT Holds full executive responsibilities for direction and operational decisions in the day-to-day management of Sunway REIT Works with Management to implement action plans for an effective enterprise risk management system Regularly updates the Board with the material information necessary for carrying out oversight responsibilities

SENIOR INDEPENDENT DIRECTOR

<ul style="list-style-type: none"> Acts as a sounding board to the Chairman on matters such as board dynamics and concerns of stakeholders 	<ul style="list-style-type: none"> Serves as an intermediary for other Directors when necessary to facilitate confidential discussions with Directors who may have concerns
<ul style="list-style-type: none"> Acts as a point of contact for unitholders of Sunway REIT, and other stakeholders particularly on concerns that cannot be resolved through the normal channels 	<ul style="list-style-type: none"> Provides leadership support and advice to the Board if the Board is undergoing a period of stress
<ul style="list-style-type: none"> Leads, together with the Nomination and Remuneration Committee, the succession planning and appointment of Directors, and oversees the development of a diverse pipeline for Board and Management succession 	

INDEPENDENT DIRECTORS

<ul style="list-style-type: none"> Provide independent judgment, experience, and objectivity without being subordinated to operational considerations
<ul style="list-style-type: none"> Ensure that the interests of all unitholders of Sunway REIT, not just the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board
<ul style="list-style-type: none"> The tenure of an Independent Director shall not exceed a term limit of nine years or upon reaching the age of 80, whichever is earlier. Upon completion of nine years, an Independent Director may continue serving on the Board as a Non-Independent Director

COMPLIANCE OFFICER

<ul style="list-style-type: none"> Monitors and ensures compliance with the Deed, Bursa Listing Requirements, and all applicable guidelines set out by Securities Commission Malaysia and securities laws relating to Sunway REIT. The Compliance Officer reports directly to the Board
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

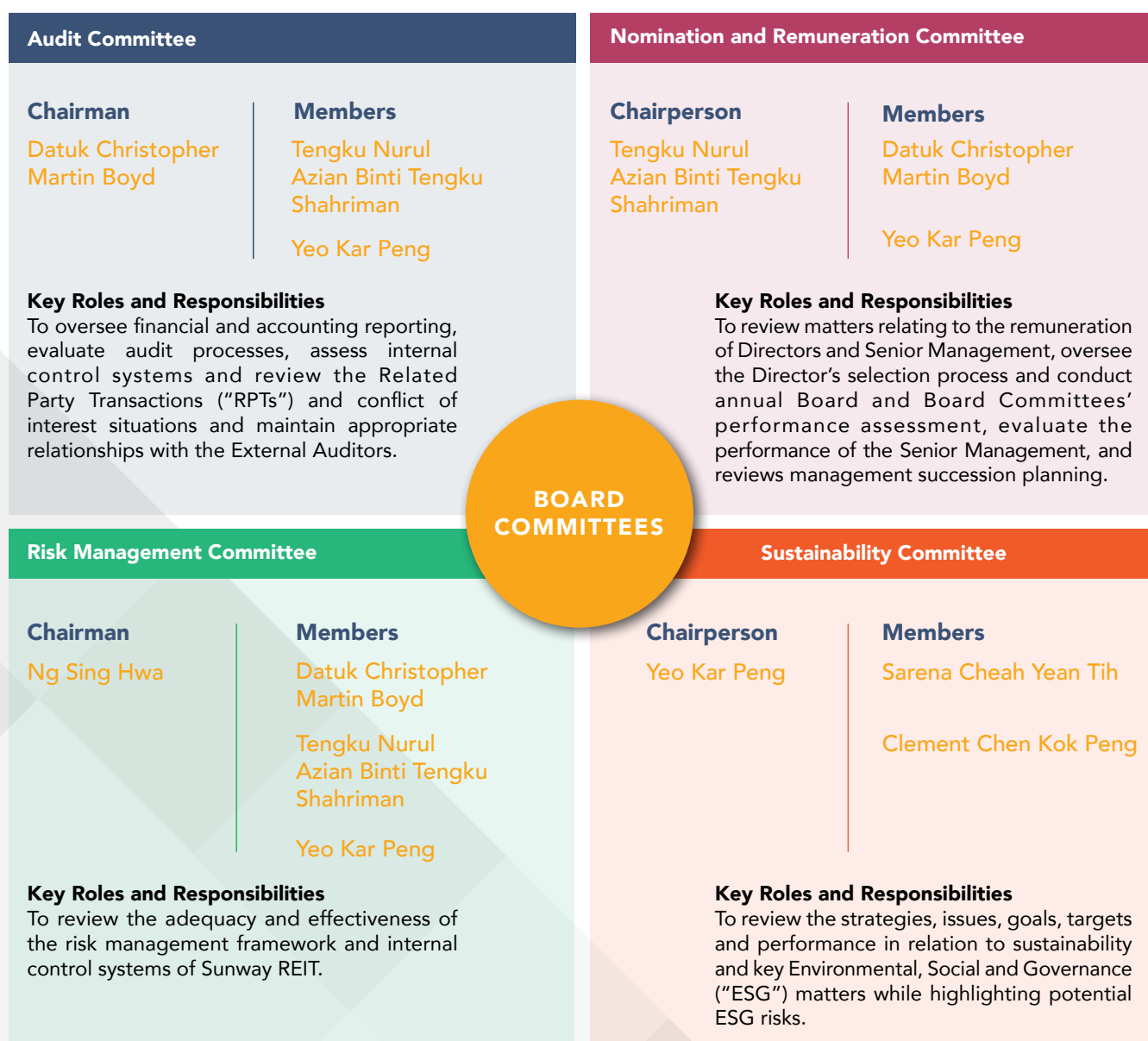
BOARD COMMITTEES

To ensure the effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to Board Committees, namely the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, and the Sustainability Committee, which operate within clearly defined written Terms of Reference ("TOR") respectively. The Board Committees deliberate issues comprehensively and in-depth before presenting any recommendations to the Board for decisions. Notwithstanding the existence of the Board Committees and the relevant authorities granted to each Committee under its TOR, the ultimate responsibility for the affairs of Sunway REIT and decision-making lies with the Board.

The Board ensures it stays updated on significant matters and resolutions deliberated by each Board Committee through the Chairman/Chairperson of each Board Committee. The minutes of the Board Committees' meetings and circular resolutions passed by each Board Committee are tabled at the Board meetings.

The Board Charter and TORs of the respective Board Committees are reviewed and updated periodically or as and when changes arise, to ensure their relevance and effectiveness as well as for compliance with legislation and governance standards. The Board Charter was last reviewed and amended by the Board on 16 November 2023 to incorporate the latest amendment in the Listing Requirements concerning Conflict of Interest monitoring and disclosures.

The Board Charter of Sunway REIT is published on Sunway REIT's website at www.sunwayreit.com.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD MEETINGS

The Board meetings were conducted both physically and virtually 11 times during the financial year under review. These meetings encompassed discussion and review of Sunway REIT's key activities, significant developments in business initiatives, regulatory updates, etc. The main Board meeting was conducted on a day different from the Board Committee meetings to provide adequate time for objective and robust discussions.

The attendance of the Board members and Board Committee members at the meetings during FY2023 are as follows:

Directors	Attendance of Meeting				
	Board	AC	NRC	RMC	SC
Tan Sri Amirsham Bin A Aziz	11/11	-	-	-	-
Clement Chen Kok Peng*	6/6	-	-	-	1/1
Datuk Christopher Martin Boyd	11/11	7/7	4/4	2/2	-
Tengku Azian Binti Tengku Shahriman	11/11	7/7	4/4	2/2	-
Yeo Kar Peng	11/11	7/7	4/4	2/2	2/2
Ng Sing Hwa	11/11	-	-	2/2	-
Sarena Cheah Yean Tih, S.M.S	9/11	-	-	-	1/2

Notes:

AC – Audit Committee

NRC – Nomination and Remuneration Committee

RMC – Risk Management Committee

SC – Sustainability Committee

* Mr Clement Chen Kok Peng was appointed as Non-Independent Executive Director / Chief Executive Office / SC Member on 1 July 2023

The schedules for all Board and Board Committees' meetings of the Manager, as well as the AGM of Sunway REIT, were planned and scheduled one calendar year in advance before the commencement of the next calendar year. Several ad hoc Board and Board Committees' meetings had been called to deliberate on and consider issues that required the Board's immediate consideration/decision.

The Management consistently provided adequate and reliable information to the Board and the relevant Board Committees on time before the Board meetings to enable the Board members to make informed decisions. The Board was allowed to make further inquiries and seek advice from the Management or request further explanation, information, or updates on the Board papers provided.

The notice for the Board meeting was well-structured, comprehensive, and well-segregated. It included matters to be discussed and also the estimated time allocated for each

agenda item. The notices and agenda (duly endorsed by the Chairmen / Chairperson), along with a set of comprehensive Board papers and presentation slides, were uploaded onto a secure online electronic platform. Board members were given ample time to review and study the Board papers via their electronic devices from time to time.

During the Board meetings, the Chairman encouraged constructive, open, and healthy debate and ensured that resolutions were circulated and deliberated so that all Board decisions reflected the collective view of the Board. Directors were given the chance to freely express their views or share information with their peers during deliberations at the meetings. Any Director with a direct and/or indirect interest in the subject matter to be deliberated abstained from deliberation and voting on the same during the meeting. All deliberations at the meetings of the Board and its Committees, decisions, and conclusions were properly recorded by the Company Secretaries through minutes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In FY 2023, the Board, considered / reviewed / deliberated / approved various agenda items and matters, including but not limited to the following:

Business Development and Strategies	<ul style="list-style-type: none"> - Investment strategies and opportunities, as well as updates on the progress of acquisitions by the Investment Appraisal Working Group. - Progress update of TRANSCEND 2027. - Adoption of Foreign Investment Policy. - Fair values evaluation for all Sunway REIT investment properties prepared by independent registered valuers. - Corporate exercise on the proposed acquisition of six hypermarkets from Kwasa Properties Sdn Bhd.
Finance and the Facilitation of Investor Relations	<ul style="list-style-type: none"> - Overall financial performance of Sunway REIT against the approved budget and business plan for FY2023, including quarterly financial reports and unaudited results, as well as the Audited Financial Statements for FY2022, together with the reports of the Manager, Trustee, and Auditors. - Key updates on capital management and investor relations activities. - Business Plan and Audit Planning Memorandum.
Operations and Project Management	<ul style="list-style-type: none"> - Progress and cost updates on project development activities and asset enhancement initiatives of Sunway REIT's properties. - Proposed renovation / redevelopment / budget for existing and new properties / projects. - Risk assessment covering occupational safety and health, tenancy renewal, litigation, natural disasters / pandemic-level disease outbreaks, climate change, competition / market saturation, interest rate, liquidity, valuation, property development, and inflation. - Staying up to date on technology innovations or trends that could disrupt businesses and industries.
Sustainability	<ul style="list-style-type: none"> - Keeping abreast of Bursa Malaysia's sustainability requirements. - Progress update on the green building certification roadmap. - Monitoring the sustainability KPIs for Senior Management. - Updating and adoption of sustainability-related policies. - Focusing on Building Energy Index, sustainable procurement and waste management as well as green lease. - Participating in the GRESB Real Estate Assessment.
Governance and Risk	<ul style="list-style-type: none"> - Integrated Annual Report including Corporate Governance Report. - Unitholders' mandate for recurrent RPTs of a revenue or trading nature. - Noting any conflict of interest situation that arose, persists, or may arise within Sunway REIT or its group including any transactions, procedures, or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts. - Regulatory / Statutory requirements and pronouncements as well as reports on any non-compliance with the Deed, Capital Markets and Services Act 2007, and Guidelines on Listed REITs by Securities Commission Malaysia. - Reporting on Directors' and the Principal Officers' dealings in the units of Sunway REIT and Directors' disclosures under Section 57 and Section 219 of the Companies Act 2016. - Amendments to the Policy Manual, Board Charter, and TOR of the Board Committees. - Review of the material contracts and material litigation. - Adoption of the meeting schedule for FY2024. - Adoption of Board Renewal Policy and updating the Policy on Selection and Assessment of Members of the Board of Directors and Board Composition.
People and Culture	<ul style="list-style-type: none"> - Board Continuous Education Programme - Directors' meeting attendance record for Board and Board Committees - Re-election of Directors who were subject to retirement by rotation - Performance scorecards of CEO and Chief Financial Officer ("CFO"). - Conducting an internal Board and Directors' Effectiveness Assessment for FY2023 facilitated by the Company Secretary and reviewing the report generated. - Appointment of a new CEO followed by the retirement of the former CEO. - Monitoring and reviewing management succession plan and development programme for Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Every Director shall have full and unrestricted access to any information about the Company and Sunway REIT. The Board and its Committees may seek independent professional advice, whenever necessary and reasonable for the performance of their duties, at the cost of the Company. The Board may also seek advice from the Management or request further explanation, information, or updates on any aspect of the Company and Sunway REIT's operations or business concerns.

In addition, the Directors have full and unrestricted access to the advice and dedicated support services of the Company Secretary. Each Director should be able to communicate directly with the Company Secretary and vice versa.

PROFESSIONAL DEVELOPMENT AND TRAININGS

Continuous training for directors is important to enable the directors to effectively discharge their duties and be in a better position to evaluate proposals made by the Management. All the Board members had during the financial year attended various training and development programmes to equip themselves with the knowledge and skills required as well as to keep abreast with the swiftly changing environments and future trends. Given the diversified business of Sunway REIT and to ensure the entire Board is in sync with Sunway REIT's goals, knowledge-sharing sessions about the topics below have been curated by the Management. Experts from different fields were invited to serve the Directors' diverse needs during the financial year:

- (i) The Landscape & Opportunities Ahead by Knight Frank Malaysia
- (ii) ESG Financing by DBS Singapore

During the financial year, the majority of the Board members had completed the Mandatory Accreditation Programme Part II: Leading for Impact which was rolled out by Bursa Malaysia in June 2023. To fully support the Directors' training and development programme, an annual training budget for the Board has been allocated and approved by the Board.

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 development programmes attended by the Directors in FY2023.

INTEGRITY AND ACCOUNTABILITY

The Code of Conduct and Business Ethics Policy adopted by Sunway REIT provides an ethical framework to guide the actions and behavior of the Board and all employees of the Company. It aims to ensure adherence to corporate governance best practices and compliance with applicable laws and ethical values in discharging their duties and responsibilities. Both the Board and Management are committed to observing the highest standards of integrity and honesty in the conduct of all business activities by the Manager, including interaction with its customers, suppliers, employees, and business partners, and within the community and environment in which the Company and Sunway REIT operate.

The Whistleblowing Policy has been implemented to provide a mechanism for all levels of its employees of the Manager and stakeholders to report concerns about any suspected wrongdoing, inappropriate behavior, or misconduct relating to fraud, corrupt practices, and/or abuse. The mechanism allows for the timely reporting of concerns safely and confidentially to protect the identity of the whistleblower. Employee or members of the public with knowledge of any improper conduct is encouraged to report any concern in good faith through the following channels:

(i) **Whistleblowing hot-line:** (603) 5639 8025

Email: whistleblowing@sunway.com.my

(ii) **Datuk Christopher Martin Boyd,
Chairman of Audit Committee**
Level 16, Menara Sunway, Jalan Lagoon Timur,
Bandar Sunway, 47500 Subang Jaya,
Selangor Darul Ehsan, Malaysia
Email: chris@boyd.com.my

(iii) **Ms Khong Shi Yi,
Head of Internal Audit Department**
Level 4, Menara Sunway, Jalan Lagoon Timur,
Bandar Sunway, 47500 Subang Jaya,
Selangor Darul Ehsan, Malaysia
Office Phone: (603) 5639 8300
Mobile Phone: (6012) 694 9862
Email: khongsy@sunway.com.my

Sunway REIT maintains a zero-tolerance policy against all forms of bribery and corruption. As part of the commitment to ethical business conduct, a comprehensive Anti-Bribery and Corruption Policy and Procedures as well as the Anti-Money Laundering Policy and Procedures have been implemented. These serve as guidance and outline procedures for all employees and business associates of the Company and Sunway REIT, to ensure they are fully aware of their obligations and responsibilities in complying with these policies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NOMINATION AND REMUNERATION COMMITTEE REPORT

COMPOSITION OF THE NRC

The Nomination and Remuneration Committee ("NRC") is comprised exclusively of independent non-executive directors and is chaired by an Independent Director. Members of the Committee were Tengku Nurul Azian Binti Tengku Shahrman (Chairperson), Madam Yeo Kar Peng and Datuk Christopher Martin Boyd.

ACTIVITIES OF THE NRC

During the financial year under review for 2023, the NRC met four times to deliberate on the following matters:

a) January 2023

- (i) reviewed the full-year performances of the CEO, Deputy CEO ("DCEO") and CFO against their planned Key Performance Indicators ("KPIs") for the FY2022;
- (ii) recommended to the Board the interim bonus for the CEO, DCEO, and CFO for FY2022;
- (iii) reviewed and deliberated on the Key Senior Management's KPIs and scorecards for the year 2023;
- (iv) reviewed and recommended to the Board:
 - the proposed revision of Directors' fees for Non-Executive Directors and Board Committees Members to ensure that they remained relevant and commensurate with their scope of responsibilities. The Directors' fees were benchmarked against comparable peers in the same industry;
 - the NRC report for inclusion in the Integrated Annual Report 2022; and
 - the revised Policy on Selection and Assessment of the Board and Board Composition to be in line with the amendments to the Bursa Listing Requirements and MCCG and incorporating fit and proper policy for appointment of new directors and re-appointment of retiring directors as well as the implementation of onboarding programme for new directors.

b) May 2023

- (i) reviewed and deliberated the revised KPIs and scorecards of the Key Senior Management for the year 2023;
- (ii) noted the appointment of Mr Clement Chen as the new CEO effective from 1 July 2023 upon the retirement of Dato' Jeffrey Ng as the CEO with effect on 30 June 2023.

c) August 2023

- (i) reviewed and recommended to the Board the Board Renewal Policy. The objectives of the adoption of the Board Renewal Policy were to ensure systematic succession and renewal of the Board to avoid disruption to the Board's continuity as well as to prevent a knowledge gap in terms of continuity of information and knowledge about the company due to too many new directors on the Board;
- (ii) reviewed the Board and Board Committee's evaluation methodology and the performance evaluation forms for the year 2023; and
- (iii) reviewed and evaluated the mid-year performances of the CEO and CFO based on the six months of actual performance indicators up to 30 June 2023 against the approved KPIs.

d) November 2023

- (i) reviewed the reports of the annual evaluation of the effectiveness of the Board and its Committees facilitated by the Company Secretary;
- (ii) third quarter appraisal of the performance scorecards of Key Senior Management based on their nine-month actual performances up to 30 September 2023;
- (iii) reviewed and recommended to the Board:
 - amendments to the TOR of NRC to ensure the scope of responsibilities remained relevant and updated.
 - annual budget allocation for Directors' Training and Development for FY2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD EFFECTIVENESS EVALUATION

The Board had formalised the engagement of independent professional consultants in the TOR of NRC to carry out the Board Effectiveness Evaluation ("BEE") once every three years or as and when the Board deems necessary, to facilitate objective and candid board evaluations.

The Manager had in FY2021 engaged an independent professional consultant to carry out the BEE. For FY2023, the assessment was conducted internally through the NRC, facilitated by the Company Secretaries.

After the NRC's endorsement on 16 August 2023, the assessment was conducted digitally and members were given ample time to complete the evaluation.

The areas of evaluation of Board effectiveness included:

- | | |
|--|---|
| i) Board composition and diversity; | vi) Time commitment; |
| ii) Directors' competencies, knowledge and experience; | vii) Crisis management; |
| iii) Managing board conflicts and deliberations; | viii) Effectiveness of stakeholders' communication; and |
| iv) Board's strategic planning; | ix) Risk management |
| v) Governance of sustainability and ESG matters; | |

Board members submitted their feedback within the prescribed timeline and the Assessment Report for FY2023 was tabled for review and discussion at the NRC meeting held on 15 November 2023. Thereafter, the NRC Chairperson briefed the Board on the results of the assessment along with recommended areas for improvement.

The results of BEE for FY2023 were generally positive indicating that the Board, Board Committee, and individual Directors efficiently discharged their respective roles and responsibilities. The Board demonstrated an effective proper mix and diversity of skill sets, knowledge, experiences, and competencies, adding value to the Board's deliberation and decision-making processes. There were active engagement and open communications between the Management and the Board. There were evident through lengthy robust discussions and high-quality debates which took place regularly toward the development of Sunway REIT's business strategy / plan. Additionally, the Board exhibited a high commitment to staying abreast with the developments and activities of Sunway REIT by devoting sufficient time and being well-prepared for the Board and Committees' meetings.

Despite no visible shortcomings being identified from the BEEs, to further enhance the effectiveness and performance of Board and Board Committees, several action plans have been outlined in line with the TRANSCEND 2027 goals. These plans facilitate brainstorming sessions for further in-depth discussions about the future strategic direction and to enhance the Directors' professional development needs, particularly about regional and global legal, regulatory, and business requirements governing the REIT sector or real estate investment. The plans also address potential threats and trends related to data integrity, digital disruption, and cyber security risks.

REMUNERATION

The Board recognises the importance of fair and competitive remuneration packages to attract, retain and motivate the Directors and Senior Management of the Manager to drive and pursue the long-term growth objectives of Sunway REIT. These packages should be commensurate with their qualifications, experience, skills, responsibilities, performance, and contributions.

The remuneration of Directors and Senior Management of the Manager is not determined by Sunway REIT but by its Manager. The Manager has in place the Remuneration Policy for Directors and Senior Management as a guideline for the NRC to review and determine the fee and remuneration of Directors and Senior Management.

The remuneration for Non-Executive Directors considers fee levels and trends for similar positions in the market, the time commitment required, and additional responsibilities undertaken by the Non-Executive Directors. They are compensated through a fixed annual Directors' fee and committee fee along with allowances for attending Board and Board Committee meetings. Non-Executive Directors are also entitled to be reimbursed for their travel and other related expenses incurred in the course of discharging their duties and responsibilities. The annual Directors' fee for the Non-Executive Directors is subject to shareholders' approval at the AGM of the Manager.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The remuneration package of Non-Executive Directors is as follows:

	Chairman / Chairperson (RM'000)	Member (RM'000)
Annual Director's fee:		
Board	120	90
AC	10	5
NRC	10	5
RMC	10	5
SC	10	5
Meeting allowance per meeting:		
For each Board or Board Committee meeting	1	1

The remuneration of the Non-Executive Directors undergoes a review at least every three years. The Remuneration Policy for Senior Management undergoes periodic reviews or as and when changes arise to ensure it remains relevant. The Remuneration Policy for Directors and Senior Management is available on Sunway REIT's website at www.sunwayreit.com.

Principle B: Effective Audit and Risk Management Accountability

RISK MANAGEMENT COMMITTEE REPORT

Considering that Sunway REIT operates in a dynamic business environment, a robust system of internal controls and effective risk management practices are crucial for the management of Sunway REIT. The Board is committed to overseeing and playing a pivotal role in setting the acceptable risk appetite and nurturing the culture toward managing key risks. It continuously reviews adequacy and effectiveness in identifying, assessing, and responding to key risks of Sunway REIT, assisted by its Board Committees.

RISK MANAGEMENT

The Risk Management Committee ("RMC") assists the Board in overseeing the risk management framework and policies, while the Audit Committee supports the Board in reviewing and monitoring the adequacy and effectiveness of the system of internal controls, including soliciting feedback from independent external auditors. The Board receives periodic reports from these Board Committees to keep the Board informed on the key deliberations and decisions on delegated roles.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

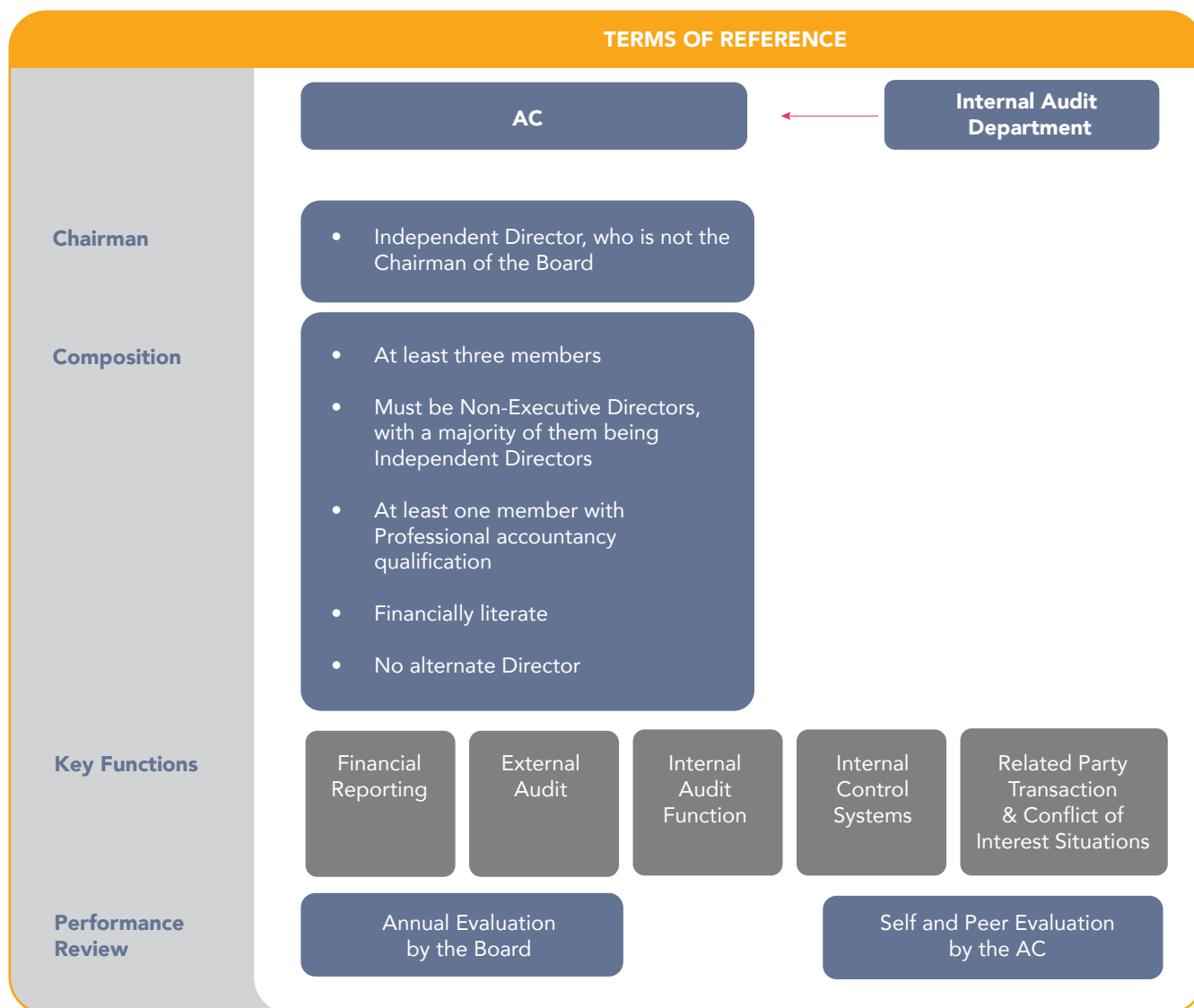
The Board is responsible for the governance of Sunway REIT's risk management and internal controls and is assisted by the Risk Management Committee in overseeing the risk management and internal controls framework. The Board has established written policies and procedures for external and internal audit functions designed to ensure their impartiality, independence, and effectiveness, subject to regular review. Annual questionnaire-based evaluations are conducted of both internal and external audit partners with the Board and members of the Senior Management team participating. The Board scrutinises financial and narrative statements following best practices, supported by the advice of the auditor.

The Board has a well-established procedure to identify, monitor, and manage risk. It has conducted reviews of the Manager's risk management and internal control systems and the effectiveness of all material controls, including financial, operational, and compliance controls, along with the mitigation of material risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") was appointed by the Board of the Manager. The AC Report provides insights into how the AC discharged its duties and responsibilities according to its terms of reference during the FY2023.



TERMS OF REFERENCE

The authority as well as the duties and responsibilities of the AC are set out in its TOR which undergoes periodic review and updated to ensure its relevance based on regulatory changes and the recommended governance best practices. The TOR of the AC was amended on 16 November 2023 and is available on Sunway REIT's website at <https://www.sunwayreit.com> under Corporate Governance and Policies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMPOSITION

The AC assists the Board in reviewing, assessing, and making appropriate recommendations relating to financial and accounting reporting, internal control systems, RPTs and conflict of interest situations that have arisen, persist or may arise along with the measures taken to resolve, eliminate or mitigate such conflicts.

The AC is chaired by a Senior Independent Non-Executive Director, who is not the Chairman of the Board, and comprises three members, all of whom are Independent Non-Executive Directors, namely:

AC Chairman
Datuk Christopher
Martin Boyd
(Senior Independent
Non-Executive Director)

AC Member
Tengku Nurul Azian Binti
Tengku Shahrman
(Independent
Non-Executive Director)

AC Member
Yeo Kar Peng
(Independent
Non-Executive Director)

The composition of the AC complied with Bursa Listing Requirements, the principles and best practices set out in the MCGG:

Listing Requirements	Commentary
Paragraphs 15.09(1)(a) and (b)	<ul style="list-style-type: none"> The AC comprised three members, all of whom are Independent Non-Executive Directors, who have satisfied the test of independence under Bursa Listing Requirements.
Paragraph 15.09(1)(c)	<ul style="list-style-type: none"> Madam Yeo Kar Peng, is a member of Certified Public Accountant Australia. The Manager had fulfilled the requirement that at least a member of the AC must possess relevant accounting qualification or having related financial management expertise or experience.

Best Practices of MCGG	Commentary
Practice 9.1	<ul style="list-style-type: none"> Datuk Christopher Martin Boyd is not the Chairman of the Board.
Practice 9.2	<ul style="list-style-type: none"> The TOR of the AC prohibits 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 three years. Since the incorporation of the Manager on 14 February 2008, none of the members of the AC were former key audit partners of Sunway REIT's external auditors or hold any financial interest in the external auditors.
Practice 9.3	<ul style="list-style-type: none"> The AC had policies and procedures to assess the suitability, objectivity and independence of the external auditors.
Practice 9.4 (Step Up)	<ul style="list-style-type: none"> The AC comprised solely of independent directors.
Practice 9.5	<ul style="list-style-type: none"> All members are financially literate, competent and are able to understand matters under the purview of the AC including the financial reporting process. They had attended continuous professional development seminars/workshops to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

For more details, please refer to the Corporate Governance Report 2023 of the Manager on Sunway REIT's website at <https://www.sunwayreit.com> under the Investor Relations Section.

The Board had internally assessed the performance and effectiveness of the AC for FY2023. It was satisfied that the composition of the AC complied with Bursa Listing Requirements. The AC members were assessed to be financially competent and capable of probing and challenging matters presented to them. Therefore, it effectively fulfilled its functions and carried out its duties and responsibilities following the AC's TOR.

MEETINGS AND ATTENDANCE

A total of 7 AC meetings were held during the financial year under review. The members of the AC and their respective attendance records are as follows:

Name	Membership	Attendance (attended/held)	% of attendance
Datuk Christopher Martin Boyd <i>Senior Independent Non-Executive Director</i>	Chairman	7/7	100%
Tengku Nurul Azian Binti Tengku Shahrman <i>Independent Non-Executive Director</i>	Member	7/7	100%
Yeo Kar Peng <i>Independent Non-Executive Director</i>	Member	7/7	100%

The following parties were invited to attend the AC meetings:

Invitees	Frequency of attendance	Commentary
CEO, CFO and Compliance Officer	All AC meetings	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	To present the annual risk-based internal audit plan, quarterly internal audit reports and any special audit and investigation reports.
External auditors	Three meetings	To present to the AC the annual audit planning memorandum, the audit findings, the transparency report 2022, the audit oversight board inspection report and the independent auditors' report as well as key audit matters in respect to Sunway REIT. To present to the AC the disclosure of the financial impact of the proposed acquisition of six hypermarkets/retail complexes.
REIT Management and Business Unit Management Team members	As and when necessary	To brief the AC on specific issues involving their respective areas of responsibilities arising from their respective reports or on any matters of interest.
Principal Advisor, Due Diligence Solicitors, Independent Valuer, Independent Advisor for the Proposed Acquisition of six hypermarkets / retail complexes	Special AC Meeting	To present to the AC on the Proposed Acquisition of six hypermarkets / retail complexes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Minutes of each of the AC meetings were tabled for confirmation at the following meetings. All deliberations and recommendations contained in the AC minutes were subsequently presented to the Board for discussions and decisions. 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 were performed by the Head of IAD. During the financial year under review, there were no cases reported through the whistleblowing communication channel.

SUMMARY OF ACTIVITIES

The AC carried out the following activities during FY2023:

1. Financial Reporting

(a) Quarterly Financial Results

The AC reviewed and discussed the quarterly financial reports and unaudited results with the Management. The AC also closely monitored RPTs and inquired about potential management conflicts of interest. No unusual transactions and accounting treatments were highlighted during FY2023. In addition, the AC ensured adherence to all regulatory and accounting disclosures and applicable accounting standards.

At each quarterly meeting held on 30 January 2023, 2 May 2023, 16 August 2023, and 15 November 2023, 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 Malaysian Financial Reporting Standards ("MFRS") financially impacting 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 continued 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 satisfied itself that the quarterly unaudited financial results of Sunway REIT had been prepared adhered to relevant financial reporting standards, Bursa Listing Requirements, Listed REIT Guidelines and the provisions of the Deed.

The AC's recommendations were presented to the Board for approval at each subsequent Board meeting.

(b) Accounting standards and other relevant regulatory requirements

There were no new accounting standards issued by the Malaysian Accounting Standards Board in FY2023.

2. External Audit

On 8 February 2023, the AC reviewed the financial results for the fourth quarter and the audited financial statements of Sunway REIT for the FY2022.

During the meeting, the AC reviewed and discussed the following matters with the external auditors. The AC focused its attention on the following:

- (i) the audit status and significant changes to the audit plan;
- (ii) significant audit findings;
- (iii) the key audit matters;
- (iv) the disclosures required in the Independent Auditors' Report;
- (v) internal control and fraud-related matters;
- (vi) key accounting and audit adjustments; and
- (vii) the Management's responses to audit queries.

Based on the significant audit findings, the AC endorsed the inclusion of the following key audit matter in the external auditors' report:

"Valuation of IP: There were significant judgments and estimates involved in the valuation of Sunway REIT's IP including allowance for void, term yield rates, reversionary yield rates, capitalisation rate, and discount rates."

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Management and external auditors at the meeting confirmed that the Audited Financial Statements were prepared following the applicable MFRS, the IFRS Accounting Standards, the Listed REIT Guidelines issued by the Securities Commission Malaysia, the provisions of the Deed and the Listing Requirements. The external auditors also reviewed the internal auditor's reports and performed the required procedures by "ISA 610-Using the Work of Internal Auditors". The AC then recommended the Audited Financial Statements for the Board's approval on 8 February 2023.

An annual assessment of the performance and effectiveness of the external auditors was performed by the AC concerning their statutory audit services and non-audit services for FY2023. 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 following the Policy on Selection of External Auditors. The audit engagement partner had also confirmed that under 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 Accounts, the external auditors were, and have been, independent for the audit by 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 FY2023.

The external auditors had on 16 August 2023 briefed the AC on the:

- (i) Audit planning for the FY2023 which covered the engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas for significant auditor attention, audit timeline, updates on financial reporting, assurance, listed issuers as well as the impact of OPR; and

- (ii) Transparency Report under the requirement of the Audit Oversight Board and International Standard on Quality Management 1 ("ISQM 1"). The Transparency Report provided a summary of the governance and leadership structure of the external auditors, relevant ethical requirements, engagement performance, monitoring and remediation process, audit quality measures, and audit quality indicators.

The AC also reviewed the proposed audit fees and non-audit fees by taking into account the following:

- (a) structural adjustments on pay scale across the audit industry amid the stiff competition for talent and high staff attrition rates; and
- (b) scope expansions due to heightened regulatory expectations on audit quality and implementation of ISA 315 (Revised), ISQM 1, and ISQM 2.

The audit fees of RM176,700 were inclusive of the assurance services provided to conduct an annual review of the Statement on Risk Management and Internal Control as well as assurance service rendered for the corporate exercise about the proposed acquisition of six hypermarkets / retail complexes. Meanwhile, the non-audit fee of RM31,400 covered the preparation of income tax computation and detailed analysis of particulars of accounts.

The external auditors at the meeting confirmed that they had complied with the relevant ethical standards, including those about the auditors' independence.

The AC then recommended, for the Board's approval, the Audit Planning Memorandum for FY2023.

The AC conducted two private meetings with the external auditors on 8 February 2023 and 16 August 2023, without the presence of Management. The external auditors did not raise any major concerns that 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3. Internal Audit

- (a) On 8 February 2023, the AC reviewed and approved the internal audit plan for FY2023 ("IA Plan FY2023"). The IA Plan FY2023 was prepared to state the overall internal audit strategies and priorities for Sunway REIT for FY2023 to be carried out by the Internal Audit Department ("IAD"). IAD continued to adopt a risk-based audit approach in developing the IA Plan FY2023. The audit planning process was based on the audit universe, input from Management, and assessment of the control environment, risk, and exposures affecting Sunway REIT.

The IA Plan FY2023 had been prepared following the best practices of the International Professional Practice Framework ("IPPF") promulgated by the Institute of Internal Auditors ("IIA"). The IPPF contains the mandatory IIA Code of Ethics and International Standard for the Professional Practice of Internal Auditing ("SPPIA").

The AC had reviewed and assessed the adequacy, and relevance of the audit scope and coverage, as well as the allocated resources for the IA Plan FY2023.

The key emphasis areas covered under the IA Plan FY2023 were as follows:

- (i) Review the adequacy and effectiveness of the internal controls system over key auditable areas of significant properties; and
- (ii) Review the risk and compliance framework of the Manager and Sunway REIT to ensure compliance with policies, procedures, laws, and regulations.

Audit assignments planned for FY2023 mainly covered the following areas:

- (i) Compliance review on Listed REIT Guidelines and Licensing Handbook, the Deed and Bursa Listing Requirements;
- (ii) Compliance review on the adequacy of the Anti-Bribery and Corruption Programme against Guidelines on Adequate Procedures issued according to Section 17A(5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and industry best practices;
- (iii) Review the adequacy and effectiveness of the Enterprise Risk Management ("ERM") Framework and processes;

- (iv) Review the adequacy and effectiveness of internal controls over key operational processes of the significant properties:

- Retail properties – review of tenancy management, credit control function, procurement & contract management, asset enhancement, and refurbishment to ensure internal controls were adequate and effective and complied with the policies and procedures;
- Hotel properties – review of revenue management focusing on room pricing strategy and room rate optimization, front office operations, food and beverage operations, procurement as well as fixed asset management post refurbishment review on Sunway Resort Hotel;

- (v) Information Security Management System ("ISMS") internal audits review for annual reaccreditation of ISO/ IEC27001:2013 Information Security Management System implemented by IT service provider, data governance and cybersecurity review;

- (vi) Internal Review of the Sustainability Reporting Process, in line with the Bursa's enhanced Sustainability Reporting Framework (consisting of the sustainability-related listing requirements, Sustainability Reporting Guide, and Toolkits)

- (b) The AC also monitored and reviewed the Audit Plan FY2023 every quarterly to ensure adequate audit coverage of the key risk areas taking into account developments that would impact the audit coverage;
- (c) The AC reviewed quarterly the internal audit reports presented by the IAD comprising audit findings, recommendations, management responses, and corrective actions taken. IAD also updated the AC on the progress of the Audit Plan FY2023, results of ad-hoc assignments including audit investigations;
- (d) AC reviewed and approved the IA budget and training plan as well as IA KPIs for FY2023;
- (e) On 2 May 2023, the Head of IAD affirmed to the AC that all internal auditors had attested to their independence and objectivity and were free from any relationships or conflicts of interest that might compromise their objectivity and independence. Additionally, the internal auditors also declared that they complied with the Code of Conduct and Business Ethics, as well as its Conflict of Interest Policies of the Manager, and IIA's Code of Ethics while carrying out their duties as internal auditors;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- (f) The AC had on 8 February 2023 and 16 August 2023 met up with the internal auditors, without the presence of Management, to facilitate discussion of any matter about audit issues and internal control weaknesses noted in the course of its audit. There were no major shortcomings or impediments highlighted by the IAD about the execution of their audit assignments;
- (g) On 16 August 2023, AC was briefed by the Head of IAD on the status of the Quality Assurance and Improvement Programme ("QAIP") of IAD as part of the ongoing monitoring of the performance of its day-to-day internal audit activities to ensure that the internal audit activities were aligned with the Performance Standards of SPPIA;
- (h) IA Function Evaluation Report was tabled to the AC on 15 November 2023. Based on the results of the assessment, the AC was satisfied with the performance of the IAD and believed 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 adequate and effective and was able to function independently. The IAD was generally able to provide Directors and Senior Management with pertinent information on potential weaknesses in the system of internal controls and provide the Management with constructive input and ideas for remedial action.

4. Reviewing RPTs

- (a) During the financial year under review, the AC reviewed and deliberated on the RPTs regarding the proposed acquisition of the hypermarket / retail properties by RHB Trustees Berhad, on behalf of Sunway REIT, from Kwasa Properties Sdn Bhd ("Vendor"), a whole-owned subsidiary of the Employees Provident Fund ("EPF"), a related party of Sunway REIT, at a total consideration of RM520 million. The proposed acquisition was deemed an RPTs due to the interest of EPF, whereby EPF, is a major unitholder of Sunway REIT and the sole shareholder of the Vendor. The AC was satisfied that the proposed acquisition was undertaken on an arm's length basis, on normal commercial terms, and was not detrimental to the interests of the minority unitholders. Therefore, the AC subsequently recommended the proposed acquisition to the Board for discussion and subsequent approval. The signing of the Sale and Purchase Agreement ("SPA") had been completed on 16 March 2023.

The AC also reviewed quarterly the recurrent RPTs of revenue or trading nature entered into by Sunway REIT at its meetings held on 30 January 2023, 2 May 2023, 16 August 2023, and 15 November 2023. The CFO confirmed to the AC that all recurrent RPTs were entered into in accordance with the terms and conditions of the unitholders' recurrent RPT mandate.

- (b) On 8 February 2023, the AC reviewed the circular to unitholders about the proposed renewal of unitholders' mandate for recurrent RPTs of a revenue or trading nature before recommending the same to the Board for approval.

With the assistance of the IAD, the AC in its review was satisfied that the monitoring processes and procedures were in place to ensure that all recurrent RPTs would be undertaken in a fair and 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.

5. Reviewing Conflict of Interest Situations

- (a) The AC had reviewed the conflict of interest ("COI") situation that arose or might arise during the financial year as well as persisting COI from previous financial years.
- (b) At the quarterly AC meetings held on 30 January 2023, 2 May 2023, 16 August 2023, and 15 November 2023, no management conflict of interest was reported to the AC.

6. Internal Controls System

- (a) The AC had reviewed with the management and the IAD, Sunway REIT's internal controls system and was reasonably assured that the same were operating adequately and effectively.
- (b) The external auditors reported to the AC that based on the audit work performed, there were no significant deficiencies in Sunway REIT's internal controls system in respect of their audit on Sunway REIT. The external auditors inspected the system and walked through the framework to ensure the system was in order and compliance with professional standards.
- (c) The AC had also received assurances from the CEO and the CFO that Sunway REIT's risk management and internal controls system were operating adequately and effectively, in all material aspects.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

7. Other Matters

- (a) The AC had regularly assessed regulatory and legal compliance of the Manager and Sunway REIT with the Listing Requirements, Companies Act 2016, Listed REIT Guidelines, 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 the quarterly meetings during the financial year.

The AC was advised by the Company Secretary that there were no breaches of Bursa Listing Requirements at each quarterly meeting held during the financial year under review.

- (b) On 8 February 2023, the AC reviewed and recommended for the Board's approval, the Corporate Governance Overview Statement and Corporate Governance Report. The AC also scrutinised the Statement on Risk Management and Internal Control, which had been independently reviewed by the external auditors. It also endorsed the AC Report for inclusion in the Integrated Annual Report 2022 of Sunway REIT.

The AC also reviewed and recommended for the Board's approval the Integrated Annual Report 2022 of Sunway REIT.

- (c) The AC was updated by the Company Secretary on the following developments in regulations and laws:

- (i) Amendments to Bursa Listing Requirements to facilitate Bursa Malaysia's operations on a surprise holiday;
- (ii) Amendments to Bursa Listing Requirements concerning Conflict of Interest; and
- (iii) Amendments to Bursa Listing Requirements concerning sustainability training for Directors.

- (d) The AC had at its meeting held on 15 November 2023 reviewed the revised TOR of the AC and recommended to the Board for approval, the inclusion of disclosure requirements under Bursa Listing Requirements in respect to the Conflict of Interest situation.

- (f) During the financial year, the AC members attended various workshops, webinars, conferences, seminars, and courses organised by the relevant regulatory authorities and professional bodies.

Please refer to the Board of Directors section of the Manager on Sunway REIT's website at <https://www.sunwayreit.com> for the details of the continuing education program that the Directors have attended in FY2023.

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 an 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 has undertaken regular and systematic reviews of the risk management and internal controls system to provide reasonable assurance that risk management and internal control systems continue to operate adequately and effectively at Sunway REIT.

To maintain the independence and objectivity of the internal audit function, the IAD reports functionally to the AC and administratively to the CEO. The AC possesses the explicit authority to communicate directly with the IAD and vice versa. Additionally, 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 completed its External Quality Assessment Review ("EQAR") by KPMG in 2022 and it was concluded that the IAD continues to meet or exceed the IIA Standards in all key aspects. The next EQAR was planned to be carried out in the year 2027.

To ensure that the responsibilities of the IAD and the internal audit function were fully discharged, the AC reviewed the Audit Plan FY2023, 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 year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 to ensure the corrective action plan, if any, had been implemented and carried out effectively. Additionally, the IAD regularly followed-up and monitored the implementation of the action plan.

The IAD is headed by Ms Khong Shiyi who has more than 16 years of internal audit experience and reports directly to the AC to ensure impartiality and independence. She is a Certified Internal Auditor ("CIA") by Institute of Internal Auditors. She holds a Bachelor of Commerce Degree majoring in Accounting from the University of Melbourne and is a member of the CPA Australia and a Chartered

Accountant registered with the Malaysian Institute of Accountants ("MIA").

The IAD comprises four internal auditors, all of whom have relevant tertiary and/ or professional qualifications. The IAD provides an independent and objective assessment of 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 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 FY2023.

The internal audit activities undertaken by the IAD during the financial year under review were as follows:

1. Prepared and presented the risk-based IA Plan FY2023 which sets 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. Performed planned audit engagements which covered reviews of internal control systems, accounting and management information systems, compliance, risk management, and governance practices;
3. Updated the AC on the progress of implementation of the IA Plan FY2023;
4. Briefed the Chairman of the AC in advance of the internal audit reports before the 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 assessments of internal controls, identifying key areas of concerns, 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 recurrent RPTs;
8. Reported to the AC on the review of the adequacy of Anti-Bribery and Corruption Programmes for properties;
9. Acted on suggestions and recommendations 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 whistleblowing procedures and/or other channels;
11. Ascertained the level of operational Sunway REIT compliance with established policies, procedures, and statutory requirements;
12. Provided the Board, through the AC, with reasonable assurance of the effectiveness of Sunway REIT's risk management, internal controls, and governance framework; and
13. Reviewed the AC Report and the Statement on Risk Management and Internal Control to be published in the Integrated Annual Report 2022 of Sunway REIT, as well as the Corporate Governance Report of Sunway REIT for FY2022.

The total costs incurred by IAD for the internal audit function of Sunway REIT for FY2023 amounted to RM762,373 as compared to RM788,962 in FY2022.

This AC Report was approved by the Board on 5 February 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

COMMUNICATION WITH STAKEHOLDERS

In alignment with Sunway REIT's vision of enhancing stakeholder value in terms of sustainable growth, environmental stewardship, and community engagement, the Manager endeavours to foster strong relationships with stakeholders and actively understand, manage expectations, and create shared value over the long term. The Manager engages with stakeholders on a regular periodic basis and provides equal access for accurate, clear, and transparent disclosure of all material information about Sunway REIT on time.

To achieve consistent disclosure practices across the Manager and Sunway REIT, the Corporate Disclosure Policy is in place to raise awareness about and provide guidance to the Board, Management, and employees of the Manager on the disclosure requirements and practices of the Manager and Sunway REIT as well as to provide guidance and structure in disseminating corporate information to, and in dealing with stakeholders.

The Board through the Investor Relations team promotes regular, effective, and fair communication with its unitholders and stakeholders. The communication platforms are utilised to maintain active engagement and transparent communication with stakeholders. Further details of the investor relations activities are set out in the "Stakeholder Engagement" in the IAR 2023.

Aside from regularly updating Sunway REIT's corporate website at www.sunwayreit.com with financial information, announcements released to Bursa Securities, general meetings materials, investor presentations, corporate governance matters, distribution information, press releases to the media and investor center, the Manager also announced the targeted date for release of the financial results of Sunway REIT at least two weeks in advance before each Board meeting to keep unitholders or investing public aware on the timing of the release of the financial results.

Any inquiries on investor-related matters of Sunway REIT may be conveyed to the Investor Relations team:

Investor Relations
Tel No: (603) 5639 9645
Email: irsunreit@sunway.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONDUCT OF GENERAL MEETING

Unitholders are encouraged to attend/participate in the AGM and any Unitholders' meetings of Sunway REIT, which is the principal avenue for dialogue between the Board and unitholders. It provides unitholders the opportunity to engage with the Board, gain insights on Sunway REIT's operational activities 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.

The Manager has complied with the minimum requirement of 21-day notice according to the Deed, Bursa Listing Requirements as well as the MCCG practice of at least 28 days. A clear example shown was the Notice of the 10th AGM which was given 57 clear days before the meeting. The additional time given to unitholders would allow them to make the necessary arrangement(s) to attend, participate, and vote either in person, by corporate representative, by proxy, or by attorney as well as to exercise their ownership rights on an informed basis during the 10th AGM.

Aside from making the announcement via Bursa LINK at Bursa Malaysia's website, the Notice of 10th AGM was also published in the local national language and English daily newspapers as well as posted on the Investor Relations section of Sunway REIT's website at www.sunwayreit.com.

An email notification about the Notice of the 10th AGM was blasted to all unitholders who provided email addresses and the Notification Cards were dispatched to unitholders who were non-email users via postal mail. Both email notifications and Notification Cards alerted the unitholders about the 10th AGM and guided them to pre-register for their attendance via the link provided. As permitted under

Bursa Listing Requirements and in line with Sunway REIT's sustainability initiatives, Sunway REIT has discontinued the practice of mailing the printed copy of the Integrated Annual Report and Circular to Unitholders. Alternatively, unitholders were given Sunway REIT's website link and QR code to download the documents.

The Chairman provided ample time and opportunity for a Question and Answer ("Q&A") session during the 10th AGM. Unitholders were also encouraged to send in their questions before the AGM via email or through the online platform. All Directors of the Manager, together with the CEO, DCEO, CFO, the Trustee, the Management Team and both internal and external auditors, were present to respond to any queries and clarifications addressed to them.

All suggestions and comments received from unitholders during the Q&A session were taken into consideration by the Management. In addition, all questions raised before the meeting have also been responded to by the Management and Board members.

All resolutions as set out in the notices of the 10th AGM and Unitholders' Meeting 2023 were voted on remotely by poll. Cygnus Technology Solutions Sdn Bhd, an independent scrutineer, was appointed to validate the votes cast at the meeting. This was in line with paragraph 8.29A of Bursa Listing Requirements. Sunway REIT appointed Mega Corporate Services Sdn Bhd as the Polling Administrator to conduct the polling process.

The Minutes of the 10th AGM and Unitholders' Meeting 2023 are available on Sunway REIT's website at www.sunwayreit.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ANNOUNCEMENT OF QUARTERLY RESULTS

**3 MAY 2023**

Announcement of the unaudited results for the first quarter ended 31 March 2023

17 AUGUST 2023

Announcement of the unaudited results for the second quarter ended 30 June 2023

16 NOVEMBER 2023

Announcement of the unaudited results for the third quarter ended 30 September 2023

30 JANUARY 2024

Announcement of the unaudited results for the fourth quarter ended 31 December 2023

INCOME DISTRIBUTION



For the semi-annual period ended 30 June 2023: 4.62 sen per unit (of which 3.44 sen per unit was taxable and 1.06 sen per unit was non-taxable and 0.12 sen per unit was tax exempt)

- Announcement of the notice of entitlement and payment: 17 August 2023
- Date of entitlement: 1 September 2023
- Date of payment: 15 September 2023

For the semi-annual period ended 31 December 2023: 4.68 sen per unit (of which 4.68 sen per unit was taxable)

- Announcement of the notice of entitlement and payment: 30 January 2024
- Date of entitlement: 16 February 2024
- Date of payment: 29 February 2024

HUMAN CAPITAL

Sunway REIT's Human Capital encompasses the employees of the Manager of Sunway REIT, along with strong support from Business Unit Management Teams. This human ecosystem is further fortified by various parties comprising of trustees, property managers and share registrars. Sunway REIT's strategy for managing Human Capital revolves around implementing initiatives and promoting training and development programmes in order to developing a resilient and skilled workforce within a conducive and healthy working environment.

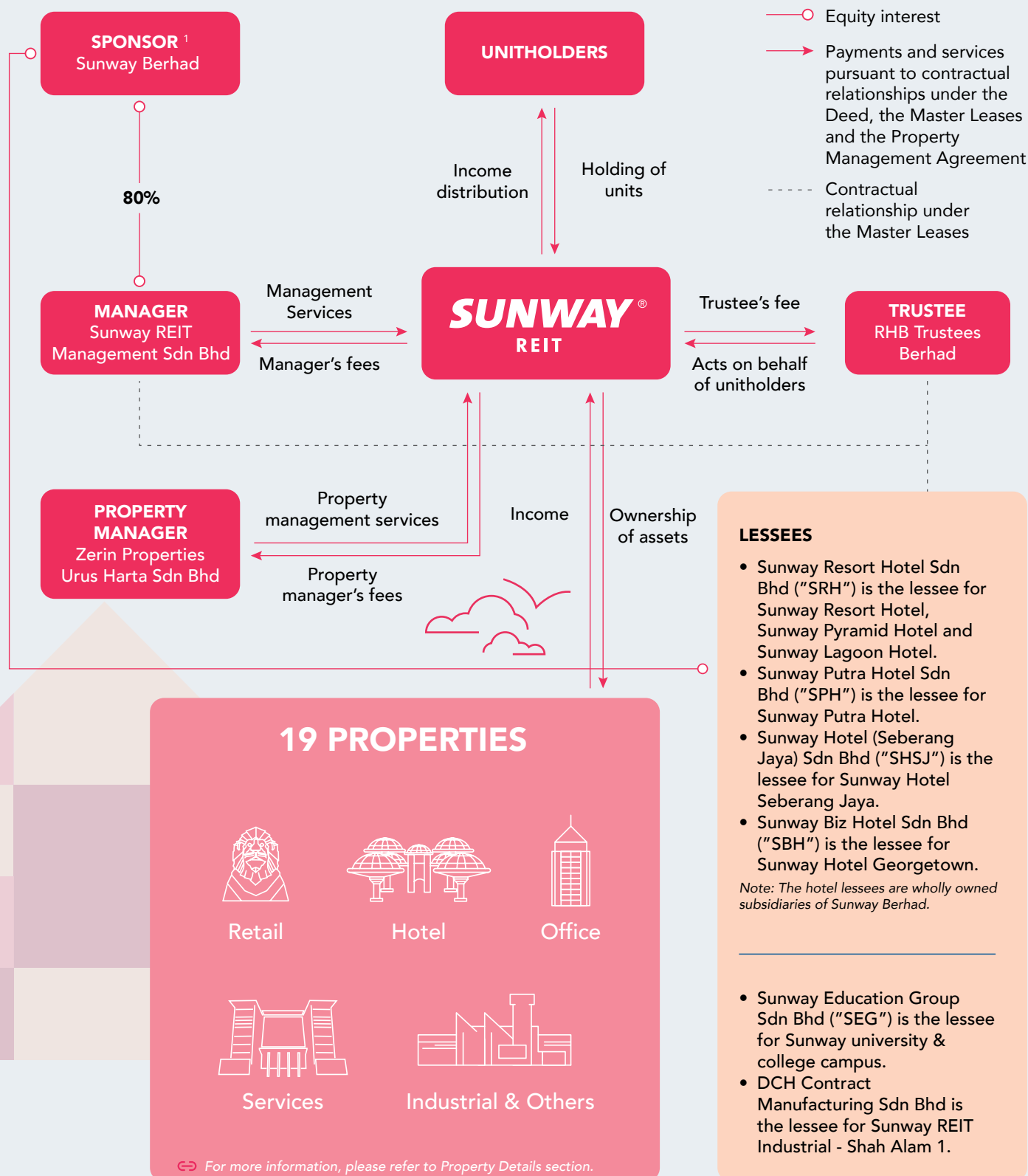
For more information about human capital, please refer to the Goal 3, Investing in Community Inclusivity in Sustainability Report 2023.

ORGANISATION STRUCTURE



ORGANISATION STRUCTURE AND TRUST STRUCTURE

TRUST STRUCTURE



SOCIAL & RELATIONSHIP CAPITAL

Social & Relationship Capital comprises the enduring relationships cultivated with Sunway REIT's stakeholders, fostering trust with the investors, communities, business partners and stakeholders. It is rooted in Sunway REIT's shared values and behaviours, underpinning its social license to operate. The strategy for managing Social & Relationship Capital is centered on proactive engagement with stakeholders and investors through transparent, timely and effective communication and disclosure.

➔ For more information about Sunway REIT's approach to managing its stakeholders, please refer to the Stakeholder Engagement section in Sustainability Report 2023.

SUNREIT

Stock Code: 5176

Unit Price¹:

RM1.54 ▲ 5.5% y-o-y

Market Capitalisation¹:

RM5.3 billion

¹as at 31 December 2023

>30,000 unitholders

16 research coverage

16 one-on-one and group meetings

11 analyst briefings, investor conferences and retail investors engagement

Premium-to-NAV

5.1%



INVESTOR RELATIONS ENGAGEMENT

Sunway REIT's Senior Management and Investor Relations team practice active engagement with the investment community via various channels. Dedicated efforts were made to promote timely and transparent interactions with analysts, institutional and retail investors about Sunway REIT's financial results, strategy and investments, hence, the Manager is able to gain a better understanding of the investors' viewpoints and expectations.

ENGAGEMENTS WITH THE INVESTMENT COMMUNITY



Engagement Channels

Sunway REIT has diverse communication channels to maintain consistent and transparent communication with the investment community. Sunway REIT held Annual General Meeting and Unitholders' Meeting to engage with unitholders on its financial performance and business strategies. Sunway REIT organises one-on-one and group investor meetings which allow for focused discussions, complemented by site visits and also participates in industry conferences. Financial results briefings for research analysts ensured timely dissemination of financial and operational updates during the quarterly result announcements.



Commitment to Capital Markets and Financial Literacy

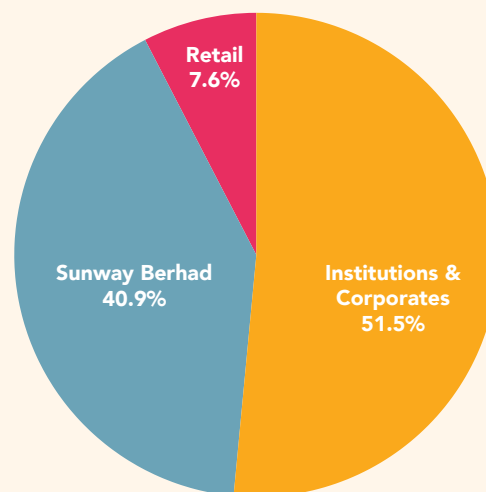
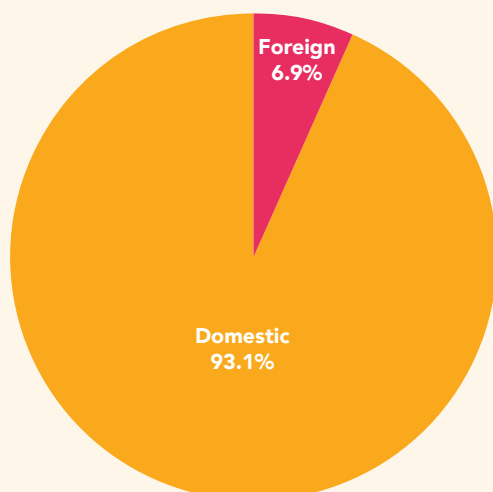
Sunway REIT collaborates with esteemed partners such as Bursa Malaysia and Rakuten Trade to improve engagement with Sunway REIT's retail investors. Initiatives such as Investment Talk by Rakuten Trade and participation in the Bursa Marketplace Fair 2023 aimed to improve financial literacy of retail investors and contribute positively to capital market development.



Community Interaction and Feedback

Sunway REIT continues to encourage community interaction, through various platforms for feedback and investor relations inquiries. Communication channels, including Sunway REIT's website (<https://www.sunwayreit.com/contact-us/>) and the investor relations group email (irsunreit@sunway.com.my), provide an avenue for inquiries and encourage interactions with stakeholders. The investor relations team has responded to more than 100 email enquiries from the investors and stakeholders in FY2023.

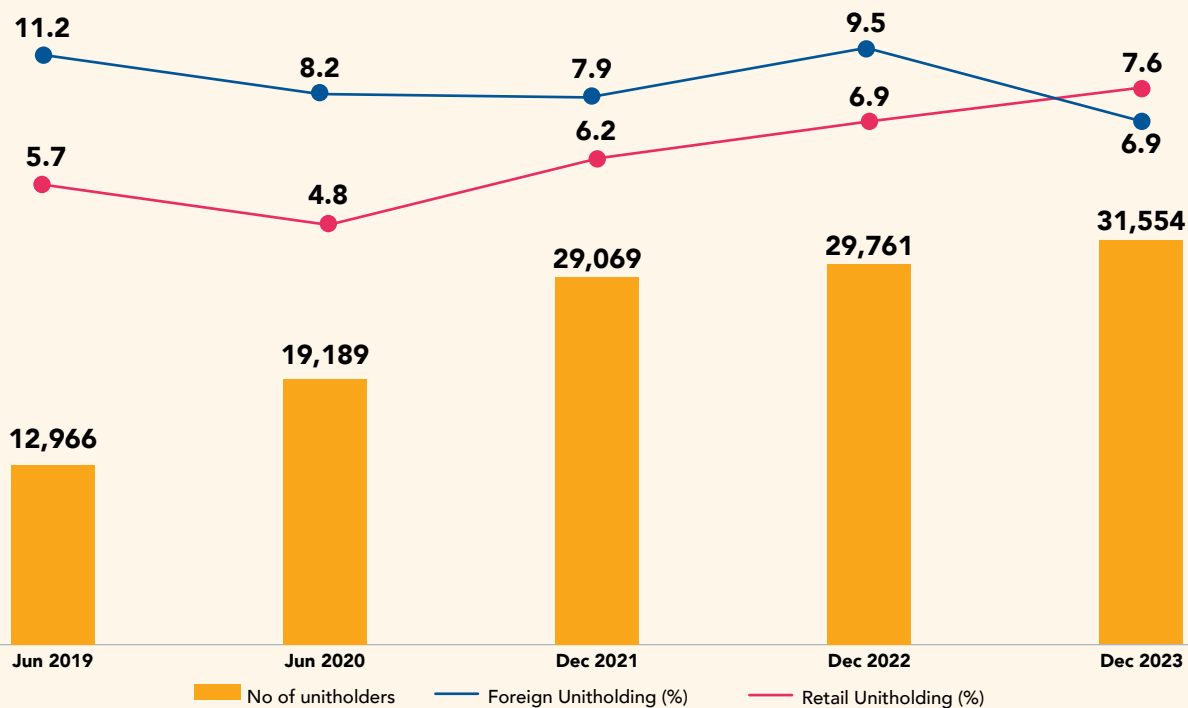
UNITHOLDINGS ANALYSIS (AS AT 31 DECEMBER 2023)



Source: Sunway REIT

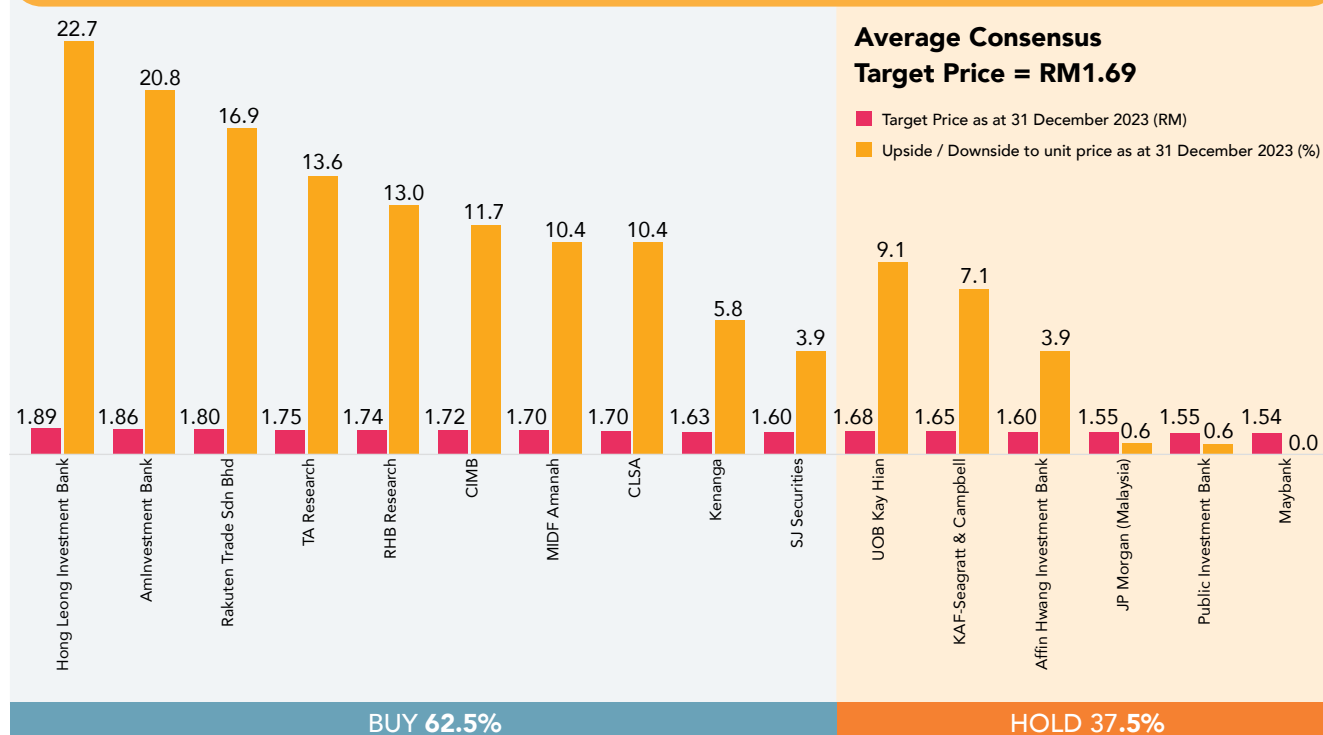
INVESTOR RELATIONS ENGAGEMENT

FIVE-YEAR UNITHOLDERS STATISTICS



Source: Sunway REIT, Bloomberg

Analysts' Recommendations (as at 31 December 2023)



Source: Bloomberg

INVESTOR RELATIONS ENGAGEMENT

In FY2023, key discussion points communicated with the investment community are summarised as follows: -

	Topic of Interests	Management's response
1	Retail footfall and retail sales trends in FY2023	<p>The retail footfall and retail sales were resilient in FY2023, surpassing retail sales trends observed in the pre-pandemic year in FY2019. The performance was supported by healthy growth across all retail properties, coupled with sustained consumer spending.</p> <p>➡ Connect to Retail Segment section in IAR 2023.</p>
2	Guidance for rental rebates in FY2023	<p>In line with the strong recovery in the retail segment, the provision of COVID-19 rental rebate has reduced substantially. The rental rebate granted in FY2023 was negligible.</p>
3	Status of Sunway Carnival Mall refurbishment (new wing and existing wing)	<p>Sunway Carnival Mall (new wing) refurbishment was completed and was launched on 24 June 2022. Due to overwhelming demand, the mall achieved full occupancy by December 2022. Following the resounding success of its new wing, Sunway Carnival Mall commenced the refurbishment of its existing wing (Phase 2) on 1 July 2023. The refurbishment is targeted for phased completion between early 2024 and the end of 2025.</p> <p>➡ Connect to Retail Segment section in IAR 2023.</p>
4	Plans for the reconfiguration of Sunway Pyramid Mall anchor tenant space	<p>Following the lease expiry of an anchor tenant at Sunway Pyramid Mall, the space is undergoing an extensive reconfiguration into specialty store space. This transformation aims to house various specialty stores and enhance its tenancy mix, improve the rental rates and its property yield.</p> <p>➡ Connect to Retail Segment section in IAR 2023.</p>
5	Status of Sunway Resort Hotel refurbishment	<p>Sunway Resort Hotel commenced welcoming hotel guests on a progressive basis since May 2022, starting with 200 rooms. The refurbishment was completed in July 2023 with full inventory of 460 rooms.</p> <p>➡ Connect to Hotel Segment section in IAR 2023.</p>
6	Plans for Sunway Pier and Sunway REIT Industrial – Petaling Jaya 1	<p>The Manager is currently in the planning stage for the redevelopment of Sunway Pier into a retail-centric tourist attraction.</p> <p>The Manager secured a tenant occupying 27% of Sunway REIT Industrial - Petaling Jaya 1 which has commenced its tenancy in December 2023. Indicatively, the occupancy rate is expected to increase to 40% by June 2024. The Manager is actively in discussion with prospective tenants to occupy the remaining space.</p> <p>➡ Connect to Retail Segment and Industrial & Others Segment sections.</p>
7	Sunway REIT's exclusion from FTSE indices	<p>In the June 2023 semi-annual FTSE BURSA index evaluation, Sunway REIT was excluded from FTSE Bursa Malaysia Emas Index due to low trading liquidity. Accordingly, Sunway REIT was excluded from all FTSE index series including FTSE4Good Bursa Malaysia Index.</p>
8	Acquisition of pipeline assets from the Sponsor in FY2024	<p>Sunway REIT actively explores acquisition opportunities from its Sponsor and third parties, in line with its strategic direction to expand its property portfolio. Sunway REIT has the first right of refusal (for the Sponsor's fully-owned properties) and first right to match (for the Sponsor's joint-venture projects) when the Sponsor indicates its intention to dispose of its property investment assets.</p>
9	High Value Goods Tax (HVGT) and the impact on Sunway REIT	<p>The government has announced the introduction of a HVGT ranging from 5% to 10% to be imposed on luxury items such as jewelry and watches based on the threshold value of the goods starting in May 2024. Given that Sunway REIT's malls are positioned to cater to the mid to mid-upper market segment, it is anticipated that the imposition of the HVGT would have minimal impact on tenants' sales owing to the malls' extensive tenancy mix.</p>

NATURAL CAPITAL

Natural Capital consists of the inherent resources impacted or utilised by Sunway REIT's business operations. Sunway REIT is dedicated to the efficient utilisation of land, water, and energy, while responsibly managing its environmental impacts, both direct and indirect. Sunway REIT makes conscious efforts in contributing to energy savings and reducing carbon emissions, with the ultimate goal of achieving Net Zero Carbon by 2050.

GOAL 1

TRANSFORMING OUR PORTFOLIO TO LOW-CARBON ASSETS



Building Energy Intensity ("BEI") should **stay below the annual target set** for the respective business divisions starting from 2022



At least **40%** of electricity from renewable energy sources by 2030 (**5%** locally generated, **35%** purchased from green sources / solar farms)



40% waste diverted from landfills by 2030



Committed to certify **100%** of Sunway REIT's properties as **green buildings** by 2034

Capitals:



Natural Capital



Portfolio Capital



Social & Relationship Capital



2030

GOAL 2

ADVOCATING A RESPONSIBLE VALUE CHAIN



Achieve and maintain **100%** tenant participation in Sunway Green Lease Partnership Programme

Capitals:



Natural Capital



Social & Relationship Capital



SUSTAINABILITY AT A GLANCE



Sunway REIT's Sustainability Report 2023 reflects its commitment to revolutionise real estate with sustainable practices. Sunway REIT pursue economic growth while prioritising environmental and societal well-being. Icon elements symbolise its diverse sustainable initiatives, contributing to four key goals in environmental, social and governance aspects.

[Connect to Sustainability Report 2023 for detailed explanation.](#)

GOAL 3

INVESTING IN COMMUNITY INCLUSIVITY



To reach out and support

1 million

beneficiaries

Capitals:



Human Capital



Social & Relationship Capital



Goals

GOAL 4

RESPECTING ETHICAL PRINCIPLES

MSCI
ESG RATINGS

CCC B BB BBB **A** AA AAA

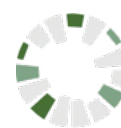


To achieve and/or maintain MSCI ESG Rating of **A and above** by 2030



FTSE4Good

To achieve and maintain FTSE4GOOD Bursa Malaysia ESG **rating higher than country average (Malaysia)** by 2030



GRESB

Committed to participate in **GRESB Real Estate Assessment**

Capitals:



Social & Relationship Capital



Intellectual Capital



Macroeconomic
Highlights

Property Market
Insights

SUNWAY
Statement on Risk
Management and
Internal Control

Key Business Risks

OPERATING LANDSCAPE



MACROECONOMIC HIGHLIGHTS

Gross Domestic Product ("GDP")



3.8%
(2022: 8.7%)

In 2023, according to advance estimates by the Department of Statistics Malaysia ("DOSM"), GDP growth decelerated to 3.8%, down from 8.7% in 2022 and just below the Ministry of Finance's ("MOF") forecast of approximately 4.0%. Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production within the manufacturing sector, given the weakness in demand for electrical and electronic ("E&E") products and lower production of refined petroleum products.

Consumer Price Index ("CPI")



2.5%
(2022: 3.3%)

The Consumer Price Index ("CPI") for 2023 recorded an annual inflation rate of 2.5%, with significant increases in the costs of Restaurants and Hotels, Food and Non-Alcoholic Beverages as well as Miscellaneous Goods and Services. This phenomenon can be attributed to the moderating trend in global commodity prices, easing supply-related disruptions, existing price controls and provision of subsidies for selected items as well as the lagged impact from the normalisation of OPR.

Unemployment Rate



3.5%¹
(2022: 3.9%)

Recovery in the labour market remained strong in 2023 in tandem with stable economic growth driven by encouraging domestic demand. Thus, aggregate demand for labour increased, creating more job opportunities in the market. The labour force increased by 2.4% y-o-y to a record 16.8 million persons, resulting in a significant rise in the labour force participation rate to reach 70.0% during the second half of 2023. Similarly, total employment also registered a higher growth of 2.8% to record 16.2 million employed persons. These improvements have led to a substantial reduction in the unemployed persons to 581,000, with the unemployment rate of 3.5%, indicating the trend of the labour market is returning to the pre-pandemic level, which hovered around 3.2% to 3.4%. The services (65.3%) and manufacturing (16.8%) sectors remained as the main source of employment opportunities in the economy.

¹ Based on the DOSM's Labour Force data up to November 2023

Overnight Policy Rate ("OPR")



3.00%
(2022: 2.75%)

Monetary policy resumed its normalisation path in 2023 amid resilient domestic growth. The OPR was adjusted in May with an increment of 25 basis points ("bps"), bringing the OPR to its pre-pandemic level of 3.00%. This increment was commensurate with the health of the economy and signified the withdrawal of monetary stimulus provided during the COVID-19 crisis to support economic recovery.

Going forward, the growth of the Malaysian economy will be driven largely by resilient domestic expenditure, with some support from E&E export recovery. Household spending will be supported by steady growth in employment and wage growth. Tourist arrivals and spending are expected to improve further. Additionally, the continued progress of multi-year infrastructure projects and implementation of catalytic initiatives will support investment activity. Budget 2024 measures will also provide additional impetus to economic activity. Meanwhile, domestic financial conditions remain conducive to sustaining credit growth as financial institutions continue to operate with strong capital and liquidity buffers.

The growth outlook is subjected to downside risks from weaker-than-expected external demand and larger and protracted declines in commodity production. Nevertheless, stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle and faster implementation of projects provide an upside to Malaysia's economic outlook.

Source: Ministry of Finance ("MOF"): Economic Outlook 2024; Bank Negara Malaysia ("BNM"); Department of Statistics Malaysia ("DOSM")

PROPERTY MARKET INSIGHTS



RETAIL MARKET OVERVIEW

Riding on the momentum following the reopening of economic activities in Q2 2022, Malaysia’s retail sales expanded by 13.8% in the first quarter of 2023. However, mixed performances were reported by Retail Group Malaysia (“RGM”) for the following quarters and the projection on the annual growth of retail sales for the year moderated to around 3%. This deceleration is partly attributed to reduced sales during the Hari Raya festival and the pronounced high base effect from the previous year.

For 2024, RGM forecasts a 3.5% growth rate for the retail industry, pointing out that the biggest challenge for the industry will be the rising cost of living. Two tax-related policies introduced for next year, namely the increase in service tax rate from 6% to 8% and the introduction of the High-Value Goods Tax, are expected to impact consumer spending.

Source: Retail Group Malaysia (“RGM”)

SUPPLY OF RETAIL SPACE

KLANG VALLEY

In 2023, Klang Valley saw the additions of several new retail malls with the opening of KSL Esplanade in Selangor as well as Pavilion Damansara Heights Mall (Phase 1) and The Exchange TRX, both in Kuala Lumpur, adding a combined NLA of circa 2.5 million sq.ft. of new retail space into the market. The new retail malls bring the cumulative supply of retail space in Klang Valley to circa 75.5 million sq.ft. NLA as of Q4 2023.



On the future supply, circa 3.0 million sq.ft. NLA of retail space is expected to come into the market in the next few years. Among the notable incoming supply include 118 Mall (forming part of Merdeka 118), Pavilion Damansara Heights (Phase 2) and 168 Selayang Mall, which are slated for completion and opening in 2024. These developments are part of integrated projects, reflecting a trend towards multi-use spaces in the retail segment.

PROPERTY MARKET INSIGHTS

Selected Future Supply of Retail Developments in Klang Valley

Retail Development	Location	Expected Completion	Estimated NLA (sq.ft.)
KUALA LUMPUR			
Pavilion Damansara Heights (Phase 2)	Pusat Bandar Damansara	2024	530,000
118 Mall ("Warisan Merdeka Mall")	Jalan Hang Jebat	2024	900,000
SELANGOR			
168 Selayang Mall	Jalan Kuching	2024	235,000

Source: Savills Research

PENANG

As of Q4 2023, Penang's cumulative supply of retail space remains unchanged at circa 20.0 million sq.ft., with no new completion in 2023. Of this total, 57.2% (circa 11.3 million sq.ft. NLA) is situated on Penang Island, while Mainland Penang accounts for the remaining 42.8% (circa 8.5 million sq.ft. NLA).

In Penang Island, two notable retail developments are slated for completion in 2024. These include Sunshine Mall @ Sunshine Central, offering circa 820,000 sq.ft. NLA in Air Itam, and The Waterfront Shoppes Phase 1 @ The Light City, providing circa 680,000 sq.ft. NLA in Gelugor. Nevertheless, Mainland Penang is not expected to see any incoming supply of retail space in 2024.

Selected Future Supply of Retail Developments in Penang

Retail Development	Location	Expected Completion	Estimated NLA (sq.ft.)
PENANG ISLAND			
Sunshine Mall	Air Itam	2024	820,000
The Waterfront Shoppes (Phase 1) @ The Light City	Jelutong	2024	680,000

Source: Knight Frank Research

Looking beyond 2024, the retail landscape in Penang is set to evolve, with several shopping malls currently in their planning stages. These anticipated developments include Penang Mitsui Outlet near Penang International Airport in Bayan Lepas, Penang World City in Bayan Lepas, Sunway Valley City in Paya Terubong and GEM Megamall in Seberang Jaya. These projects, upon completion, will significantly augment the retail market's capacity within Penang.

PROPERTY MARKET INSIGHTS

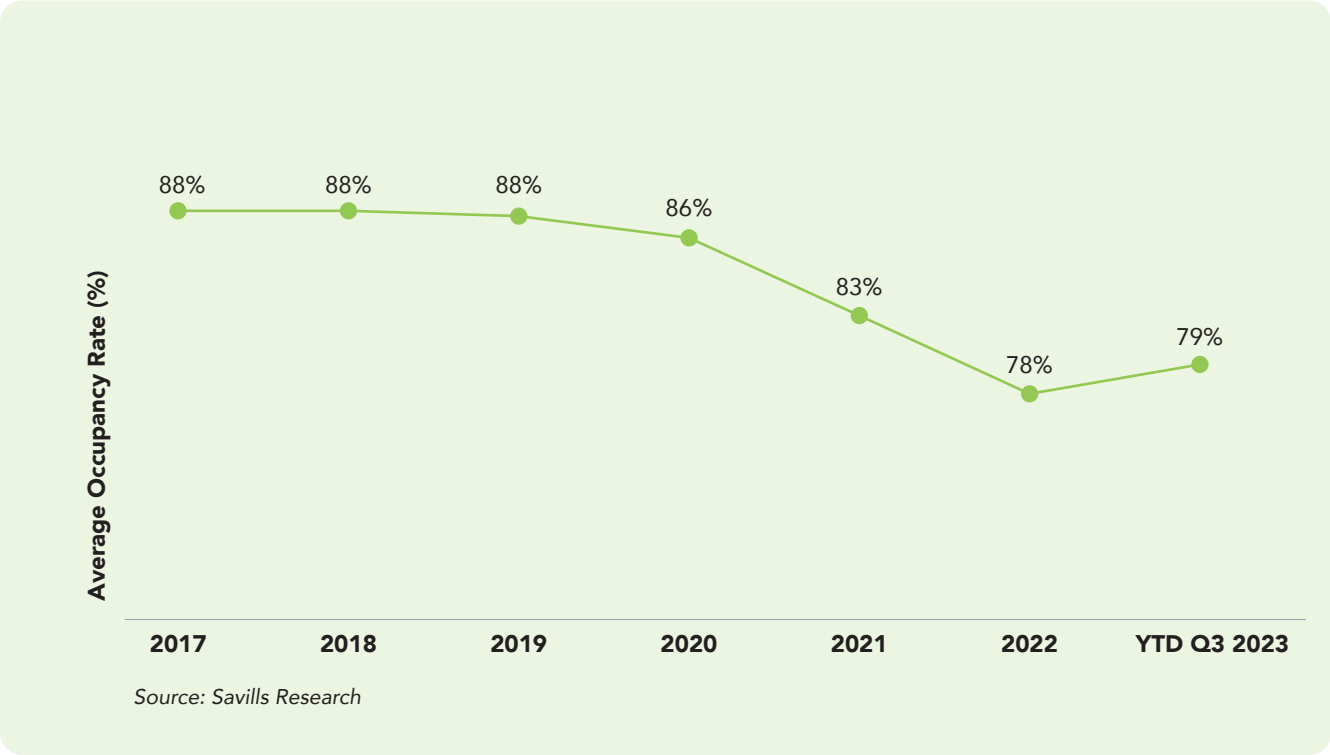
DEMAND FOR RETAIL SPACE

KLANG VALLEY

During the first three quarters of 2023, Klang Valley’s retail space recorded an average occupancy rate of 79%, marking a 1% year-on-year (“y-o-y”) increase. The slight improvement in the average occupancy rate was attributed to the expansion of retailers, especially in the Food and Beverage (“F&B”) trade sector in some prominent malls. Besides, there was an increment in new retailer entries, signalling a stabilising market. This included various international brands spanning various sectors (e.g., fashion and accessories, F&B and bookstores) and nationalities (such as Germany, Indonesia, Korea and Taiwan) making their entrance predominantly in the KL retail sector. Notable brand debuts in Pavilion KL included Pop Mart, Paris Baguette and Vacheron Constantin, while Suria KLCC welcomed Burger & Lobster. In the meantime, The Starhill’s recent refurbishment introduced Elite Spectrum, The Chamber, Sonos and Paul&Shark.

However, the average occupancy rate for retail space, especially in Kuala Lumpur, is expected to inch down in the near- to medium-term as more completions are expected to make their entry into the retail landscape while the newly completed retail malls continue to take time to fill up the vacancies.

Average Occupancy Rates of Retail Space in Klang Valley, 2017 to YTD Q3 2023



Klang Valley’s rental performance has remained stable over the first half of 2023, with single-digit fluctuations in rental rates compared to the previous half. According to the data published by the National Property Information Centre (“NAPIC”), with the rental rates of ground floor retail space as the rental performance indicator, Suria KLCC continued to fetch among the highest rental rates in Klang Valley at the range of RM44.10-RM154.40 per sq.ft./month (increased from the range of RM44.10-RM151.00 per sq.ft./month in 2H 2022). The marginal increase was also seen for ground floor retail space in The Gardens Mall from RM31.50-RM37.50 per sq.ft./month in 2H 2022 to RM33.00-RM37.50 per sq.ft./month in 1H 2023. Meanwhile, the rental rates for ground floor retail spaces in other retail malls have remained unchanged over the two halves. Nonetheless, the existing premier shopping destinations, particularly REIT-owned retail malls, continue to achieve an uptick in tenancy renewals and new tenant acquisitions, evidenced by the slight improvements in the rental rates for other floors during 1H 2023.

PROPERTY MARKET INSIGHTS

Rental Rates of Retail Space in Selected Retail Malls in Klang Valley, 2H 2022 to 1H 2023

Retail Mall	Location	Floor Level	Rental Range (RM per sq.ft./month)	
			2H 2022	1H 2023
KUALA LUMPUR				
Suria KLCC	Jalan Ampang	LG	35.00 – 207.30	35.00 – 206.80
	1	G	44.10 – 151.00	44.10 – 154.40
	2	1	95.40 – 113.10	95.40 – 116.10
	3	2	36.50 – 100.50	36.30 – 103.20
		3	44.00 – 100.20	42.00 – 100.20
		4	37.80 – 61.10	37.80 – 59.30
Mid Valley Megamall	Mid Valley City	LG	25.00 – 35.60	25.00 – 36.00
		G	45.00 – 80.00	45.00 – 80.00
		1	33.50 – 38.00	33.50 – 38.00
		2	23.40 – 25.00	23.40 – 25.00
		3	15.00 – 22.00	15.00 – 22.00
The Gardens Mall	Mid Valley City	LG	27.00 – 40.00	27.00 – 40.00
		G	31.50 – 37.50	33.00 – 37.50
		1	23.50 – 30.00	23.50 – 30.00
		2	18.50 – 21.00	18.50 – 21.20
		3	17.00 – 18.00	17.50 – 18.00
SELANGOR				
Sunway Pyramid Mall	Bandar Sunway	LG2	16.80 – 35.80	16.80 – 35.80
		LG1	13.60 – 45.30	13.60 – 45.30
		G	21.60 – 43.80	22.60 – 43.80
		1	17.50 – 50.80	17.50 – 58.60
1 Utama	Bandar Utama	LG	12.00 – 41.00	12.00 – 41.00
		G	12.50 – 34.00	12.50 – 34.00
		1	12.50 – 38.00	12.50 – 38.00
		2	7.00 – 31.00	7.00 – 31.00
The Curve	Mutiara Damansara	G	9.50 – 39.50	9.50 – 39.50
		1	9.10 – 25.40	9.10 – 25.40
		2	2.20 – 5.90	2.20 – 5.90

Source: National Property Information Centre ("NAPIC")

PROPERTY MARKET INSIGHTS

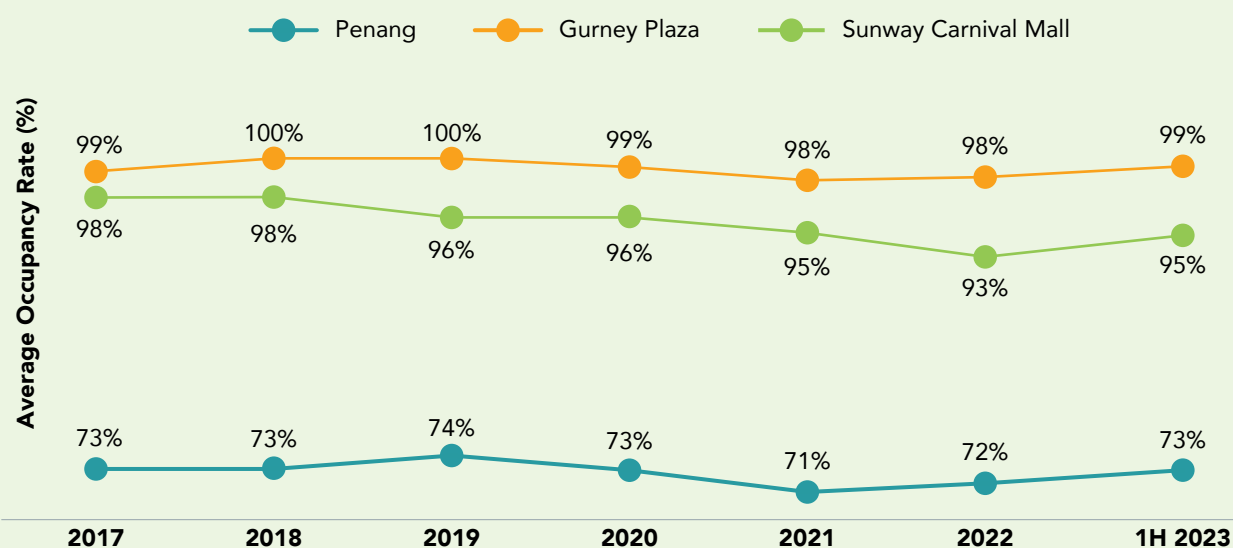
DEMAND FOR RETAIL SPACE

PENANG

The average occupancy rate of retail malls in Penang has marginally increased for two consecutive years since 2021. As of 1H 2023, the average occupancy rate of retail malls in Penang stood at 73%, compared to 72% in 2022 and 71% in 2021. Generally, retail malls in Penang Island enjoyed higher occupancy rates compared to those located in Mainland Penang. During 1H 2023, the occupancy rates of retail malls in Penang Island averaged at 80%. On the other hand, the average occupancy rate of retail malls in Mainland Penang hovered at around 63%.

Similar to the retail malls owned by REITs in Klang Valley, REIT-owned retail malls in Penang, such as Sunway Carnival Mall in Seberang Jaya, Queensbay Mall in Bayan Lepas and Gurney Plaza in George Town, consistently recorded occupancy rates above 90%, surpassing the state's average occupancy rate.

Occupancy Rates of Selected Retail Malls and Penang, 2017 to 1H 2023



Source: Knight Frank Research

In terms of rental performance, the monthly rental rates for ground floor retail spaces in select prime retail malls in Penang have remained steady between 2H 2022 and 1H 2023, ranging from RM4.50 to RM38.20 per sq.ft./month in Penang Island and RM2.10 to RM39.00 per sq.ft./month in Mainland Penang. This variance is influenced by several factors such as but not limited to the specific mall, location and unit size.

PROPERTY MARKET INSIGHTS

Rental Levels of Retail Space in Selected Retail Malls in Penang, 2H 2022 to 1H 2023

Retail Mall	Location	Floor Level	Rental Range (RM per sq.ft./month)	
			2H 2022	1H 2023
PENANG ISLAND				
Gurney Paragon	Gurney Drive	LG	2.70 – 18.60	2.70 – 18.60
		1	8.60 – 38.20	8.60 – 38.20
		2	3.40 – 25.00	3.40 – 25.00
		3	2.40 – 24.00	2.40 – 24.00
First Avenue Mall	Jalan Magazine	LG	1.80 – 15.40	1.80 – 15.40
		G	4.50 – 37.00	4.50 – 37.00
		1	1.80 – 15.00	1.80 – 15.00
		2	2.90 – 11.50	2.90 – 11.50
Queensbay Mall	Bayan Lepas	LG	10.00 – 37.10	10.00 – 37.10
		G	28.20	28.20
		1	14.40 – 29.00	14.40 – 29.00
		2	9.00	9.00 – 9.60
MAINLAND PENANG				
Sunway Carnival Mall	Seberang Jaya	LG	1.00 – 28.00	1.00 – 28.00
		G	3.00 – 39.00	3.00 – 39.00
		1	1.40 – 21.50	1.40 – 21.50
		2	1.40 – 2.00	1.40 – 2.00
Design Village	Batu Kawan	G	2.10 – 13.80	2.10 – 13.80

Source: National Property Information Centre ("NAPIC"); Knight Fränk Research

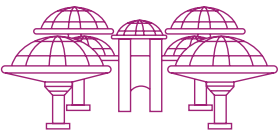
RETAIL MARKET TRENDS**A Boost from Favourable Tourism and Currency Dynamics**

Since early 2023, the retail sector has regained its pre-COVID-19 vigour, primarily fuelled by a surge in international tourism due to increased flight routes and a weakening Ringgit. This boost in foreign visitor numbers has substantially enhanced retail activities. Concurrently, the complete recovery of domestic tourism has also played a crucial role, leading to higher footfall in retail malls and reinforcing the sector's stability. As a result, this combined impact of international and domestic tourism has been instrumental in driving the retail sector's positive momentum.

Introduction of High-Value Goods Tax

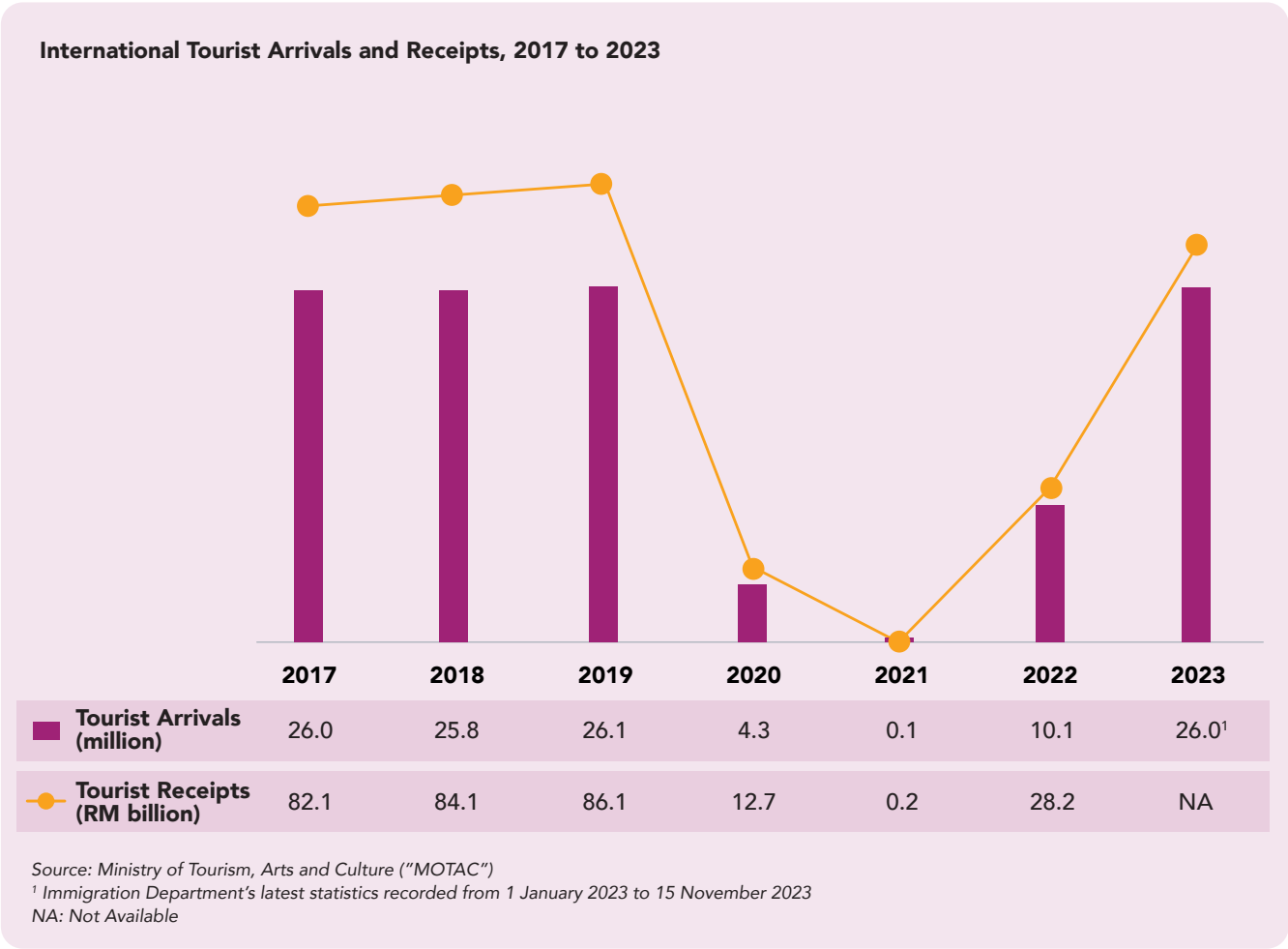
The prospective implementation of the High-Value Goods Tax (previously known as the Luxury Goods Tax) in May 2024 poses a potential challenge. This tax may render luxury goods less competitively priced, potentially discouraging consumer spending and impeding the momentum of sales growth. Despite this, the retail market is anticipated to maintain its sustainability, underpinned by steady domestic demand.

PROPERTY MARKET INSIGHTS



HOSPITALITY MARKET OVERVIEW

Malaysia’s tourism industry has shown a remarkable recovery since the lifting of travel restrictions in 2022. According to the Immigration Department’s latest statistics recorded from 1 January 2023 to 15 November 2023, tourist arrivals have surpassed the 16.1 million targets set by the Ministry of Tourism, Arts, and Culture (“MOTAC”), with approximately 26.0 million arrivals. This represents a three-fold increase compared to the same period a year ago. Most numbers of the tourist arrivals were from the neighbouring countries, which include Singapore (circa 49%), Indonesia (circa 12%) and Thailand (circa 8%), whereas the tourist arrivals from key markets like China and India stood at circa 5% and 3% respectively. With the implementation of a 30-day visa-free programme for tourists from China and India, which took effect from 1 December 2023, this will help to further push up the number of tourist arrivals.

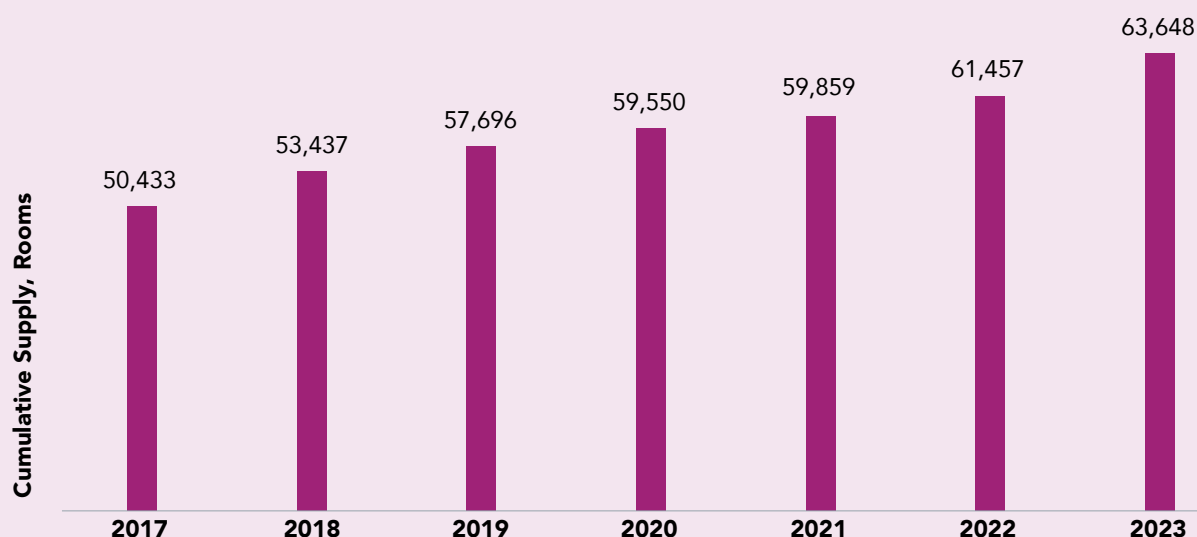


SUPPLY OF HOSPITALITY SPACE

KLANG VALLEY

As of Q4 2023, the cumulative hospitality supply (three- to five-star hotels and hotel-typed serviced apartments) in Klang Valley stood at approximately 64,000 rooms. New hotel completions identified during the year include The FACE Style (327 rooms) along Jalan Sultan Ismail, INNSiDE by Melia Kuala Lumpur Cheras (238 rooms), Hyatt Place Kuala Lumpur (250 rooms) in Bukit Jalil and KSL Esplanade Hotel (403 rooms) in Klang. During the review period, Renaissance Kuala Lumpur Hotel & Convention Centre reopened its door to the public after having closed down for renovation since June 2020. As reported, Renaissance Kuala Lumpur Hotel & Convention Centre will be part of Marriott International’s first dual-branded property under the Marriott Bonvoy travel programme in the country.

PROPERTY MARKET INSIGHTS

Cumulative Supply of Hospitality Space in Klang Valley, 2017 to 2023

Source: CBRE | WTW Research

A slew of hotel developments, predominantly in Kuala Lumpur, are under the pipeline and are expected to be completed in the coming years, contributing to the list of future supply in the region. Notable additions to Klang Valley's hospitality landscape are Park Hyatt Kuala Lumpur @ Merdeka 118 (232 rooms), which will be occupying the top floors of Merdeka 118, Kimpton Kuala Lumpur (471 rooms), situated in the financial hub of Tun Razak Exchange ("TRX"), Jumeirah Kuala Lumpur (190 rooms) and So Sofitel Kuala Lumpur (207 rooms), both located along Jalan Ampang, Kempinski @ 8 Conlay (260 rooms), located along Jalan Conlay and Moxy Putrajaya (495 rooms), located in Putrajaya. Despite the more intensified competition in the hospitality segment, some hospitality chains remained optimistic about the momentum in the tourism industry and are confident in the attractiveness of Malaysia as a highly sought-after destination in Southeast Asia ("SEA"); therefore, they continue to build their portfolios in the Malaysian market.

PROPERTY MARKET INSIGHTS

Selected Future Supply of Three- to Five-Star Hotel Developments in Klang Valley

Hotel Development	Location	Expected Completion	No. of Rooms
KUALA LUMPUR			
Imperial Lexis	Jalan Kia Peng	2024	439
Kimpton Kuala Lumpur	TRX	2024	471
Regent Kuala Lumpur	Jalan Bukit Bintang	2024	259
Jumeirah Kuala Lumpur	Jalan Ampang	2024	190
So Sofitel Kuala Lumpur	Jalan Ampang	2024	207
Waldorf Astoria Hotels and Resorts	Jalan Raja Chulan	2024	279
Conrad Kuala Lumpur	Jalan Sultan Ismail	2025	544
Kempinski @ 8 Conlay	Jalan Conlay	2025	260
SELANGOR			
Moxy Putrajaya	Putrajaya	2024	495

Source: CBRE | WTW Research

PENANG

Penang's hospitality segment encompasses an inventory of 23,301 hotel rooms as of Q3 2023. During the review period, a significant highlight in Penang's hospitality segment was the unveiling of a franchise agreement with Marriott International, which will see the soon-to-be-launched five-star, Peranakan-inspired Iconic Marjorie Hotel under the Marriott brand. This venture, a part of the Iconic Group, introduces a five-star hotel into the market with an investment of RM180 million. Slated for opening in the middle of 2024, the hotel will provide 298 rooms and amenities, such as an all-day dining restaurant, lobby lounge, pool bar, outdoor swimming pool and a Pearl Ballroom for up to 850 guests, catering to a range of events and functions.

In 2024, Penang anticipates the opening of six hotels, which will collectively add close to 2,000 rooms to the cumulative supply. Aside from Iconic Marjorie Hotel, other notable hotel developments are Marriott Hotel, Harris Sunshine and The Light City Hotel on Penang Island, alongside Holiday Inn & Suites in Bukit Mertajam and Crowne Plaza Penang in Butterworth.

Selected Future Supply of Three- to Five-Star Hotel Developments in Penang

Hotel Development	Location	Expected Completion	No. of Rooms
PENANG ISLAND			
Marriott Hotel	Georgetown	2024	223
Harris Sunshine	Air Itam	2024	289
Iconic Marjorie Hotel	Bayan Lepas	2024	298
The Light City Hotel	Gelugor	2024	500
MAINLAND PENANG			
Holiday Inn & Suites	Bukit Mertajam	2024	328
Crowne Plaza Penang	Butterworth	2024	343

Source: Knight Frank Research

PROPERTY MARKET INSIGHTS

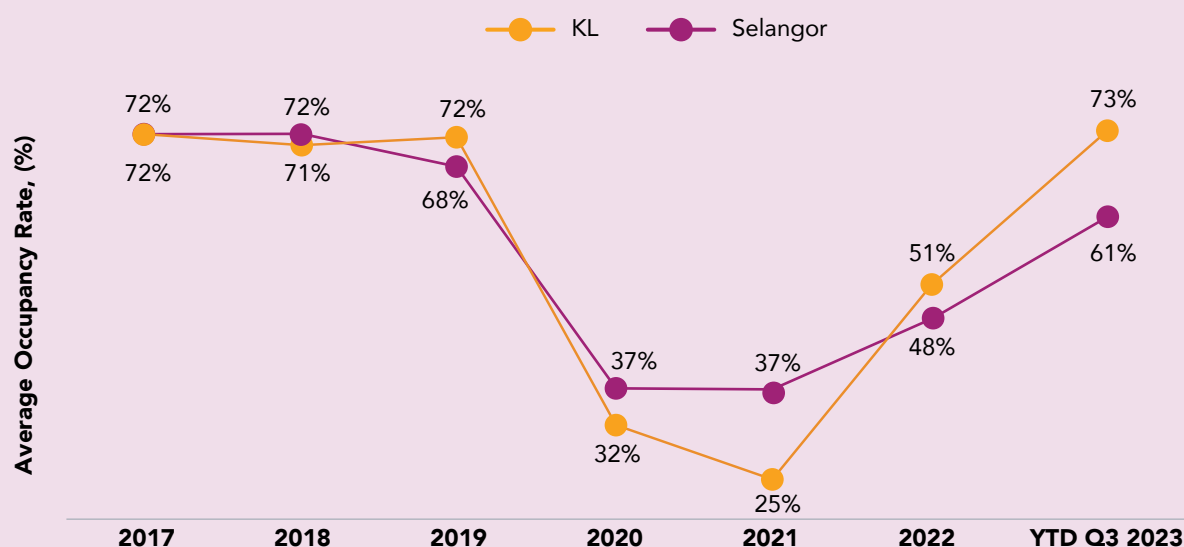
Beyond 2024, further growth in supply is expected, with projects like the InterContinental Penang Resort in Teluk Bahang and Le Méridien Penang Airport Hotel in Bayan Lepas adding to the diversity and capacity of the hospitality sector. Additionally, the Hotel Equatorial Penang, temporarily closed since 2021, is scheduled to reopen in 2025, reintroducing 662 rooms to the market.

DEMAND FOR HOSPITALITY SPACE

KLANG VALLEY

The Average Occupancy Rate ("AOR") of hotels in Klang Valley has continued to improve in the first three quarters of the year, with a single-digit percentage increase compared to 2022. For YTD Q3 2023, hotels in Kuala Lumpur and Selangor achieved an AOR of 73% and 61%, respectively, presenting evidence of a rebound in the hospitality segment, which was partly attributed to the diminishing trend of staycation and revenge spending post-pandemic. Despite that, there is still further room for hotels in both Kuala Lumpur and Selangor to return to similar AOR levels during pre-pandemic. With the implementation of a 30-day visa exemption for tourists from key markets like China and India starting 1 December 2023, the anticipated surge in tourist arrivals will contribute to the growth of the hospitality segment, including in Klang Valley.

Average Occupancy Rate of Hotels in Klang Valley, 2017 to YTD Q3 2023



Source: STR; CBRE | WTW Research

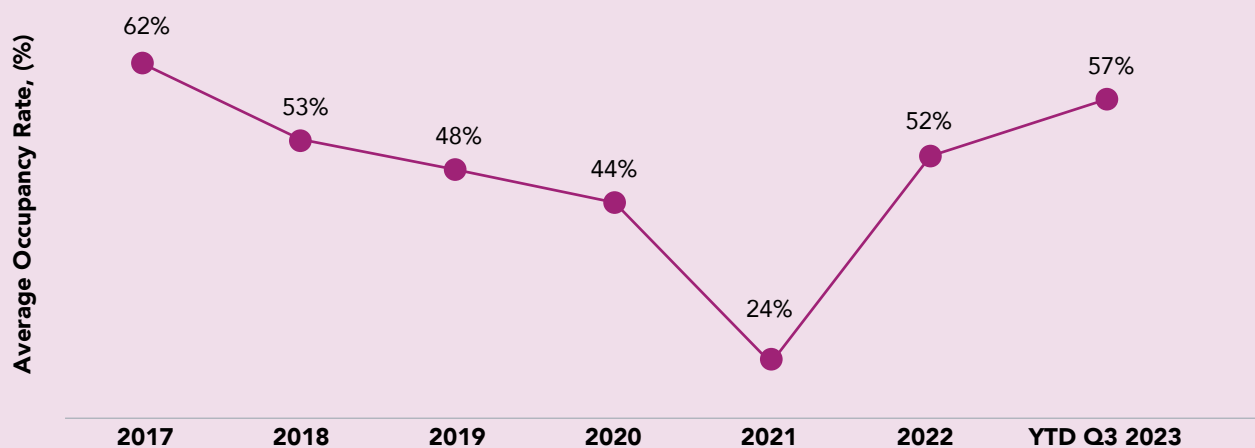
Concurrently, the Average Room Rate ("ARR") for hotels in Klang Valley has seen a significant improvement, where the ARR of hotels in Kuala Lumpur increased from RM378 per room/night to RM431 per room/night, and the ARR of hotels in Selangor increased from RM283 per room/night to RM332 per room/night. These represent a 14% ARR increase in Kuala Lumpur and a 17% ARR increase in Selangor, respectively. Increasing ARR was also reported for hotels owned by REITs; some have achieved ARR surpassing the pre-pandemic period. This upward trend in hotel room rates is anticipated to continue, driven by increasing demand. In addition, hotel operators are grappling with challenges such as manpower shortages and escalating operating costs, factors that are expected to contribute to further rate increases in the near future.

PENANG

Since the reopening of borders in April 2022, Penang's hospitality segment has seen a notable improvement, with the average occupancy rate consistently exceeding 50%. Interestingly, this performance is a marked enhancement compared to pre-pandemic levels. With the potential influx of tourists upon the implementation of the visa-free scheme for tourists from China and India, coupled with the banning of all unlicensed Airbnb and Booking.com homestays throughout Penang Island effective in Q3 2023, the AOR and ARR of hotels in Penang, in general, could benefit from the situation as it advances.

PROPERTY MARKET INSIGHTS

Average Occupancy Rates of Hotels in Penang, 2017 to YTD Q3 2023



Source: ADATA Portal; Knight Frank Research

HOTEL MARKET TRENDS

Recovery and Government Initiatives

Malaysia's hospitality market is expected to recover to pre-pandemic levels, bolstered by the reopening of borders and the resumption of both local and international direct flights. This recovery is further supported by several government initiatives, including Tourism Malaysia's Strategic & Marketing Plan (2022 – 2026), the National Tourism Policy (2020 – 2030) and the Travel Safe Alliance Malaysia, all aimed at stimulating growth in the tourism industry.

Attraction Boost from Weaker Ringgit and Chinese Visitors

The Malaysian Ringgit's depreciation against the US Dollar has notably enhanced Malaysia's appeal as a tourist destination, particularly beneficial in light of the expected influx of Chinese tourists. This trend of currency fluctuation is significantly impacting the tourism sector as it makes Malaysia a cost-effective destination for international travellers. On top of that, the anticipated increase in Chinese visitors following the lifting of travel restrictions further bolsters this positive momentum. The combined effect of a more favourable exchange rate and the return of tourists from China is set to contribute substantially to the growth and vibrancy of Malaysia's tourism industry.

Strategic Infrastructure Developments

Malaysia's commitment to bolstering its tourism sector is evident in its significant investments in infrastructure development. A prime example of these efforts is the planned expansion of Penang International Airport. This project is a strategic move to enhance the airport's capacity, thereby enabling it to handle a larger influx of visitors.

PROPERTY MARKET INSIGHTS



OFFICE MARKET OVERVIEW

In 2023, the office segment, which is predominantly concentrated in the Klang Valley, has been relatively active compared to the previous year, with new purpose-built office completions and tenant movements registered during the period. Albeit a net positive take-up of office space, the impact on the average occupancy rate of office space has remained minimal, mainly due to the new completions of purpose-built office buildings and yet-to-be-absorbed office spaces available in the market.

More activity was also observed in terms of purpose-built office transactions for the year. Notable transactions identified include Oxley Signature Tower, Menara HSBC, Menara Celcom Digi and 3 Damansara Office Tower, which are worth a combined RM962.8 million.

Notable Transactions of Purpose-Built Offices, 2023

Purpose-Built Office	Location	Transacted Price (RM million)	psf NLA (RM per sq.ft.)
KUALA LUMPUR			
Oxley Signature Tower	Jalan Ampang	405.8	1,249
Menara HSBC	Leboh Ampang	55.0	319
SELANGOR			
Menara Celcom Digi	Seksyen 52, Petaling Jaya	450.0	1,000
3 Damansara Office Tower	Damansara Intan, Petaling Jaya	52.0	515

Source: VPC Research

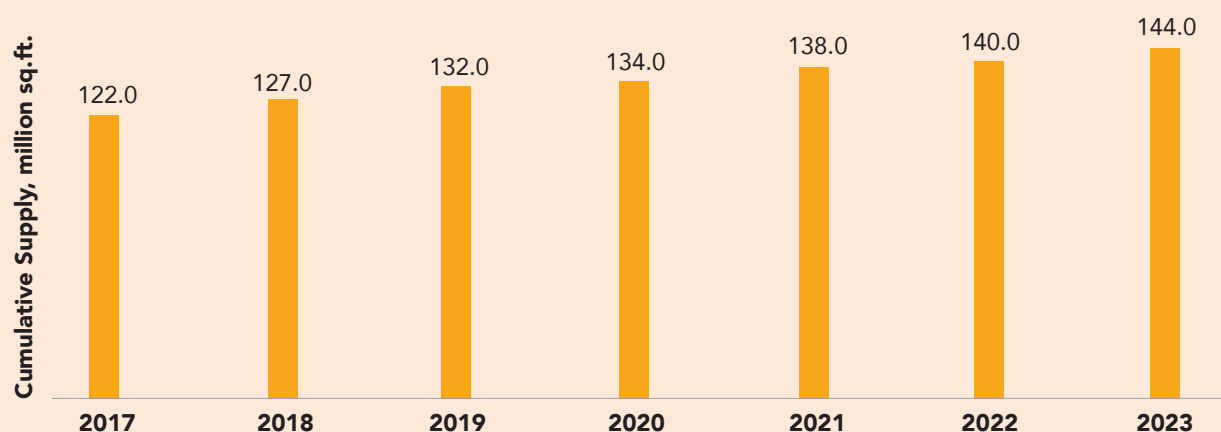
Going forward, as business sentiment leans towards a slightly more pessimistic view due to rising business costs and toned-down economic growth, coupled with more purpose-built office space to be introduced into the market, the office segment will remain challenging and competitive.

SUPPLY OF OFFICE SPACE

KLANG VALLEY

As of Q4 2023, the purpose-built office space in Kuala Lumpur and Selangor reported a combined existing stock of circa 144.0 million sq.ft. NLA, a 2.6% increase y-o-y. In terms of breakdown, about two-thirds of Klang Valley's cumulative purpose-built office space supply is located in Kuala Lumpur (i.e., about one-third in KL City and another one-third in KL fringe or suburban area, respectively), while the rest of the cumulative supply is in Selangor.

Cumulative Supply of Office Space in Klang Valley, 2017 to 2023



Source: Savills Research

PROPERTY MARKET INSIGHTS

Newly completed purpose-built offices in 2023 offer a combined NLA of circa 4 million, where developments such as Corporate Towers @ Pavilion Damansara Heights, Aspire Tower @ KL Eco City and V2 Office Tower at Sunway Velocity Two are among the notable highlights. By 2024, another influx of over 3.5 million sq.ft. NLA of purpose-built office space is expected to be completed in Klang Valley.

Selected Future Supply of Purpose-Built Office Developments in Klang Valley

Office Development	Location	Expected Completion	Estimated NLA (sq.ft.)
KUALA LUMPUR			
Merdeka 118	Jalan Stadium	2024	1,610,000
Oxley Signature Tower	Jalan Ampang	2024	346,000
PHB Bangsar 61	Jalan Maarof	2024	548,000
The Met Corporate Towers @ KL Metropolis	KL Metropolis	2024	620,000
SELANGOR			
Atwater Tower A&B	Seksyen 13, Petaling Jaya	2024	320,000
Empire City – Signature Tower	Damansara Perdana, Petaling Jaya	2024	170,000

Source: VPC Research

DEMAND FOR OFFICE SPACE

KLANG VALLEY

During the first half of 2023, Kuala Lumpur’s average occupancy rate for office space experienced a slight decline, moving from 73.7% in 2H 2022 to 73.5%. Meanwhile, in Selangor, there was a noticeable increase in the average occupancy rate of office space, rising from 68.9% in the second half of 2022 to 72.1% in the first half of 2023.

In terms of rental rates, slight fluctuations were observed in the range of rental rates for selected purpose-built offices in Kuala Lumpur, while the range of rental rates remained relatively the same in Selangor.

The premium segment, which is only available in Kuala Lumpur, categorised as Prime A+ purpose-built offices in KL City and TRX, continued to attract higher asking rental rates, fetching from RM4.50 per sq.ft./month up to RM12.00 per sq.ft./month. Meanwhile, selected Grade A office spaces in the Central Business District (“CBD”) locations had rental rates between RM4.00 to RM12.70 per sq.ft./month.

Selected Grade A purpose-built offices in Selangor were commanding rental rates between RM3.50 to RM6.50 per sq.ft./month. Nonetheless, the rental rates achieved by several Grade A purpose-built offices in Selangor were relatively on par with the Grade A purpose-built offices located on the fringe of Kuala Lumpur.

PROPERTY MARKET INSIGHTS

Rental Rates of Office Space in Selected Purpose-Built Offices in Klang Valley, 2H 2022 to 1H 2023

Purpose-Built Office	Location	Classification	Rental Range (RM per sq.ft./month)	
			2H 2022	1H 2023
KUALA LUMPUR				
Petronas Twin Tower ("Tower II")	Jalan Ampang	Prime A+	10.90	10.90
Intermark ("Integra Tower")	Jalan Tun Razak	Prime A+	8.00 – 11.40	8.60 – 11.40
Exchange 106	TRX	Prime A+	5.00 – 11.00	4.50 – 12.00
G Tower	Jalan Tun Razak	Prime A+	5.30 – 8.30	4.50 – 8.60
Maxis Tower	Jalan Ampang	Grade A	7.80 – 11.20	8.30 – 12.70
Menara Hap Seng 2	Jalan P. Ramlee	Grade A	6.00 – 9.00	6.20 – 9.00
Pavilion Tower	Jalan Raja Chulan	Grade A	6.35 – 7.95	6.35 – 7.50
Menara Binjai	Jalan Binjai	Grade A	7.80 – 9.10	7.80 – 8.50
Menara Tan & Tan	Jalan Tun Razak	Grade A	5.30 – 7.50	5.80 – 8.30
Centrepont South	Mid Valley City	Grade A	5.00 – 7.50	5.00 – 7.50
Mercu 3	KL Eco City	Grade A	5.10 – 5.70	5.10 – 6.00
UOA Corporate Tower	Bangsar South	Grade A	5.30 – 7.80	5.30 – 7.80
Menara UOA Bangsar	Bangsar	Grade A	5.40 – 7.00	4.00 – 7.50
SELANGOR				
Sunway Pinnacle	Bandar Sunway	Grade A	5.10 – 6.50	5.10 – 6.50
Tropicana Garden Office Tower	Tropicana Indah	Grade A	3.50 – 5.00	3.50 – 5.00
The Ascent @ Paradigm	SS7, Kelana Jaya	Grade A	4.30 – 5.50	4.30 – 5.50
Uptown 1 & 2	Damansara Utama	Grade B	4.50 – 5.90	4.50 – 6.50
PJ 33	Seksyen 13, Petaling Jaya	Grade B	3.00 – 5.50	3.00 – 5.50
Menara CP	Seksyen 16, Petaling Jaya	Grade B	3.00 – 3.85	3.00 – 3.85

Source: National Property Information Centre ("NAPIC"); VPC Research

OFFICE MARKET TRENDS

Key trends expected to shape the office landscape in 2024 include:

- An increasing adoption of hybrid work models, with a trend leaning towards more employees returning to office settings rather than working remotely.
- A movement of companies into newer office buildings with better facilities, which may lead to higher vacancies in their previous locations.
- As more business operations shift towards hybrid working styles, demand for co-working spaces will continue to be sustained.
- The implementation of health and hygiene measures in office environments in response to ongoing concerns over the new COVID-19 variants.
- The potential for *en bloc* purchases of older office buildings in the Kuala Lumpur City Centre following the urban rejuvenation initiatives announced in Budget 2024.

Nevertheless, a significant challenge remains despite these positive developments: the oversupply of office spaces in the Klang Valley, which is expected to take several years to be fully absorbed.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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. This Statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code on Corporate Governance 2021, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines").

THE BOARD'S RESPONSIBILITY

The Board takes overall responsibility for oversight and is committed to 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 adequacy and effectiveness of the system of internal controls, including soliciting feedback from the internal auditors and the independent external auditors. The Board receives periodic reports from these Board Committees to keep the Board informed on key deliberations and decisions of the delegated roles.

The risk management and internal controls system of the Manager is designed to manage and mitigate risks or events with significant adverse impact on 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. As the business environment is subject to ongoing changes and challenges, the framework is constantly reviewed to ensure its adequacy and effectiveness.

THE MANAGEMENT'S RESPONSIBILITY

The Management is responsible for implementing the risk management framework and policies approved by the Board. The Management has in place an ongoing process of identifying, evaluating, mitigating, monitoring and reporting the key risks affecting the achievement of the business objectives and strategies of Sunway REIT throughout the financial year. The Management ensures suitable internal controls and adequate mitigating action plans are taken to minimise possible impact from the risks.

The Management is also responsible for setting the right example to encourage and emphasise the importance of ethical business conduct.

THE MANAGER'S RISK MANAGEMENT FRAMEWORK

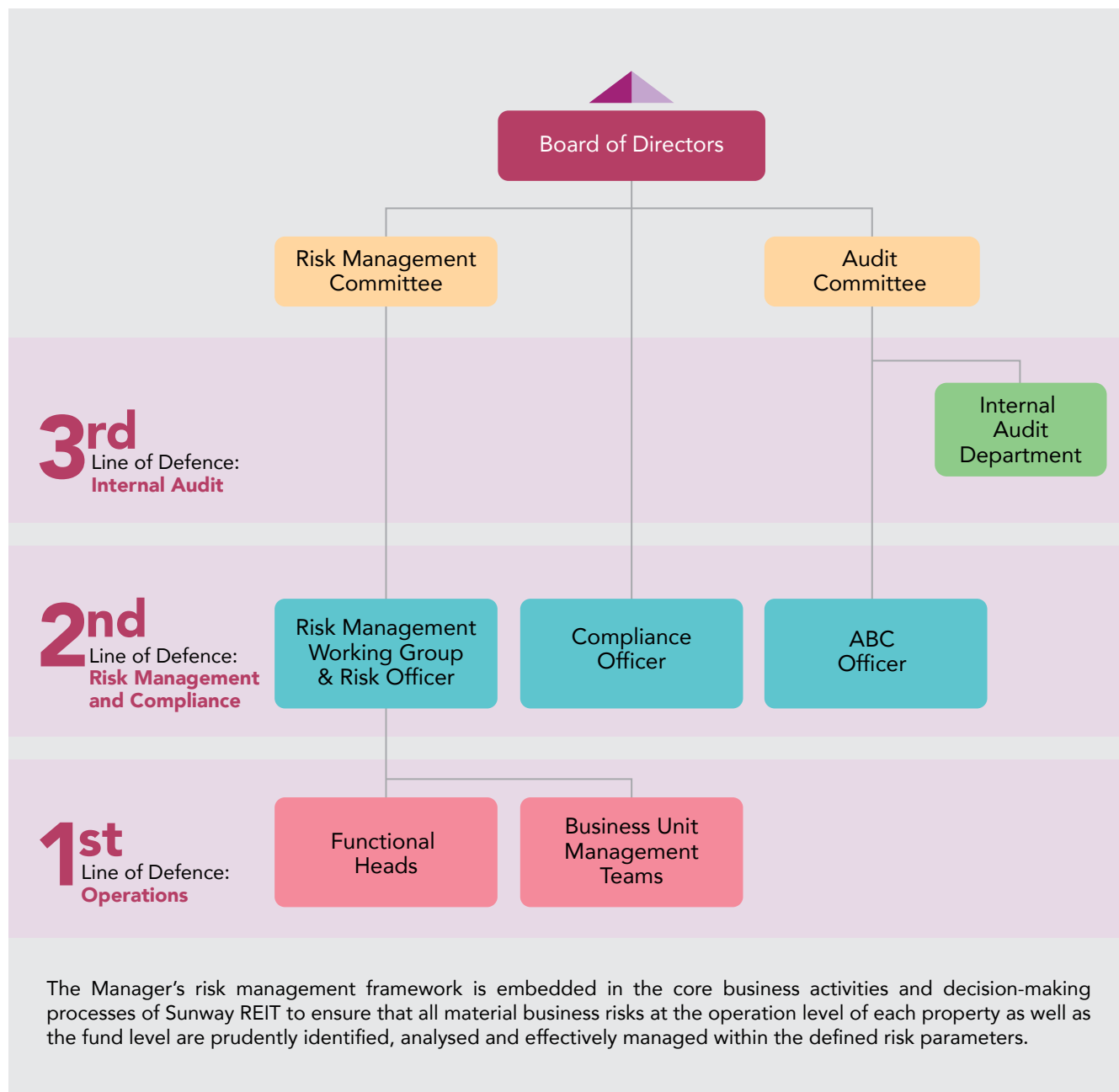
The Manager's risk management framework is benchmarked and adapted as reasonably practicable from ISO 31000:2018 Risk Management Guidelines, which aims to put in place a continuous process in identifying all business risks relevant to Sunway REIT, at the operation level of each property as well as at the fund level, within the defined risk parameters in a timely and effective manner. All identified risks are recorded in a risk management scorecard to facilitate systematic and comprehensive review with proper mitigation 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 a 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 key business 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 in place for risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The diagram below provides an overview of the governance structure of the Manager:



The table below provides the key risk assessment activities of Sunway REIT:



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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Working Group and Risk Officer

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 comprised the CEO, CFO, Risk Officer, Compliance Officer and business unit heads. RMWG is chaired by the CEO who holds ultimate responsibility for 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 monthly management meetings. At half-yearly RMWG meetings, risks relating to strategy, operations, finance, regulatory compliance, reputation, cybersecurity and sustainability 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 appetites for various types of risk and recommends to the Board for approval.

The RMC comprised four members, all of whom are Non-Executive Directors.

The composition of the RMC is as follows:

- 1 Ng Sing Hwa – Chairman of RMC**
(Non-Independent Non-Executive Director)
- 2 Datuk Christopher Martin Boyd**
(Senior Independent Non-Executive Director)
- 3 Tengku Nurul Azian Binti Tengku Shahrman**
(Independent Non-Executive Director)
- 4 Yeo Kar Peng**
(Independent Non-Executive Director)

➡ Please refer to Sunway REIT's website at www.sunwayreit.com for terms of reference of the RMC.

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; and
- ▶ reviews periodic reports on risk identification, evaluation and mitigation efforts.

The periodic risk assessment is reported to the RMC on a half-yearly basis for deliberation. The Chairman of the RMC reports the proceedings of each Committee meeting to the Board and highlight key risks that warrant the Board's attention.

During the financial year, two (2) RMC meetings were held to deliberate on the following matters:

- i. the half-yearly risk reports which covered key risks identified at fund level and operation level of the main business segments of Sunway REIT, the corresponding rating for each risk and the control measures and mitigation action plans implemented;
- ii. the Statement on Risk Management and Internal Control for inclusion in the 2023 Integrated Annual Report of Sunway REIT, including adoption of the revised risk appetite statement in line with TRANSCEND 2027 strategic plan;
- iii. the updates on the term of reference of the RMC in relation to ESG risks; and
- iv. the preliminary benchmarking of information technology systems and security services used by Sunway REIT against the Guidelines on Technology Risk Management issued by the Securities Commission Malaysia on 1 August 2023, by Sunway Group Cybersecurity department.

➡ Key risks identified are discussed in Key Business Risks section

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Appetite Statement

Risk appetite statements define the extent of risk that the Manager is willing to take for Sunway REIT in line with the TRANSCEND 2027 strategic plan for Sunway REIT to become a balanced risk, diversified REIT.

The Board has approved the following risk appetite statements to set the tone from the top:

- ▶ Sunway REIT will continue to focus on yield-accretive investments in the existing principal market in Malaysia, together with value-enhancing asset enhancement initiatives to maintain quality diversified assets in its portfolio.
- ▶ Apart from the domestic principal market, Sunway REIT will explore investment opportunities largely in matured market and selective emerging markets overseas.

- ▶ Sunway REIT will maintain sufficient liquid assets to cover planned cash outflows and will undertake adequate hedging against interest rate and foreign exchange exposures on overseas investments.
- ▶ Sunway REIT will continue to uphold a zero-tolerance position on bribery and corruption and will strive to maintain good corporate governance principles and practices.
- ▶ Sunway REIT will uphold good ESG practices and will strive to go beyond meeting minimum regulatory compliance through persistent sustainability efforts.

The risk appetite statements are reviewed annually by the RMC in continuously balancing the risks and achievement of the business objectives of Sunway REIT.

↔ Risk appetite for each key risk identified are discussed in Key Business Risks section.

KEY ELEMENTS OF THE MANAGER'S SYSTEM OF INTERNAL CONTROLS

The current system of internal controls has within it the following key elements:

- A clear vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.
- Comprehensive policies and procedures manuals that provide guidelines on and authority limits over various operating, financial, human resource, health and safety and sustainability matters.
- The Board approves annual budgets and business plans prepared for each property during the annual business plan exercise to consider the challenges and strategies, relevant strengths, weaknesses, opportunities and threats including competitor, market and broader environmental analysis.
- The Board with appropriate management reporting mechanisms that enable it to review the performance of Sunway REIT. Regular management meetings involving the review of the operations and financial performance of each property.
- The AC, with its term of reference clearly outlining its functions and duties delegated by the Board.
- The internal audit department ("IAD"), which carries out internal audits based on an annual risk-based audit plan approved by the AC.
- Investment strategies and criteria that are agreed on 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.
- 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 a designated Compliance Officer to ensure compliance with the Deed and all applicable guidelines issued by Securities Commission Malaysia and securities laws 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 compliance with the Deed, Listed REIT Guidelines, the Securities Commission Licensing Handbook, the Capital Markets and Services Act 2007 and Bursa 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 internal controls, risk management, and governance processes. 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 in order to assist AC in the effective discharge of their roles and responsibilities. In addition, the AC reviews and deliberates on any matters relating to internal controls highlighted by the external auditors in the course of their statutory audit of the financial statements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ASSURANCE FROM THE MANAGEMENT

The CEO and CFO assured the Board that the Manager's risk management and internal controls system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Manager.

REVIEW BY EXTERNAL AUDITORS

This Statement on Risk Management and Internal Control ("Statement") has been reviewed by external auditors as required by Paragraph 15.23 of Bursa Listing Requirements. The external auditors have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Integrated Annual Report.

Based on the limited assurance procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is factually inaccurate.

THE BOARD'S CONCLUSION

The Board is pleased to report that the state of the internal controls system and risk management practices are able to meet the objectives of the Manager and Sunway REIT to ensure good corporate governance. For the year under review, there was no material control failure or weakness that would have material adverse effect on the results of Sunway REIT.

The Board is satisfied that the risk management and internal controls system in place, for the financial year and up to the date of approval of this Statement, is adequate and effective.

This Statement on Risk Management and Internal Control was approved by the Board on 5 February 2024.

KEY BUSINESS RISKS

Risk management is embedded in the key activities and business processes of Sunway REIT to ensure that all important business risks at the operation level of each property as well as the fund level are prudently identified to best minimise the uncertainties and maximise the opportunities in creating sustainable value for all stakeholders of Sunway REIT in the short, medium and long term.

The Board of the Manager is committed to maintaining effective risk management practices, underpinned by a robust risk management framework. The framework enables the Board to continuously identify, assess, treat and manage risks that could affect Sunway REIT from achieving its objectives within the defined risk appetites.

The Board is supported by the 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 functional departments and business operations of Sunway REIT in ensuring all identified risks are recorded in the risk management scorecard to facilitate systematic review and monitoring with proper mitigating action plans. These plans are revised from time to time to ensure the risks are managed to an acceptable level.

⇒ Risk governance structure is depicted in Statement on Risk Management and Internal Control section.

RISK FOCUS AREAS

The analysis of the global megatrends and identification and prioritisation of material matters enables Sunway REIT to identify its most pertinent business risks that are deemed important in achieving Sunway REIT's strategic objectives.

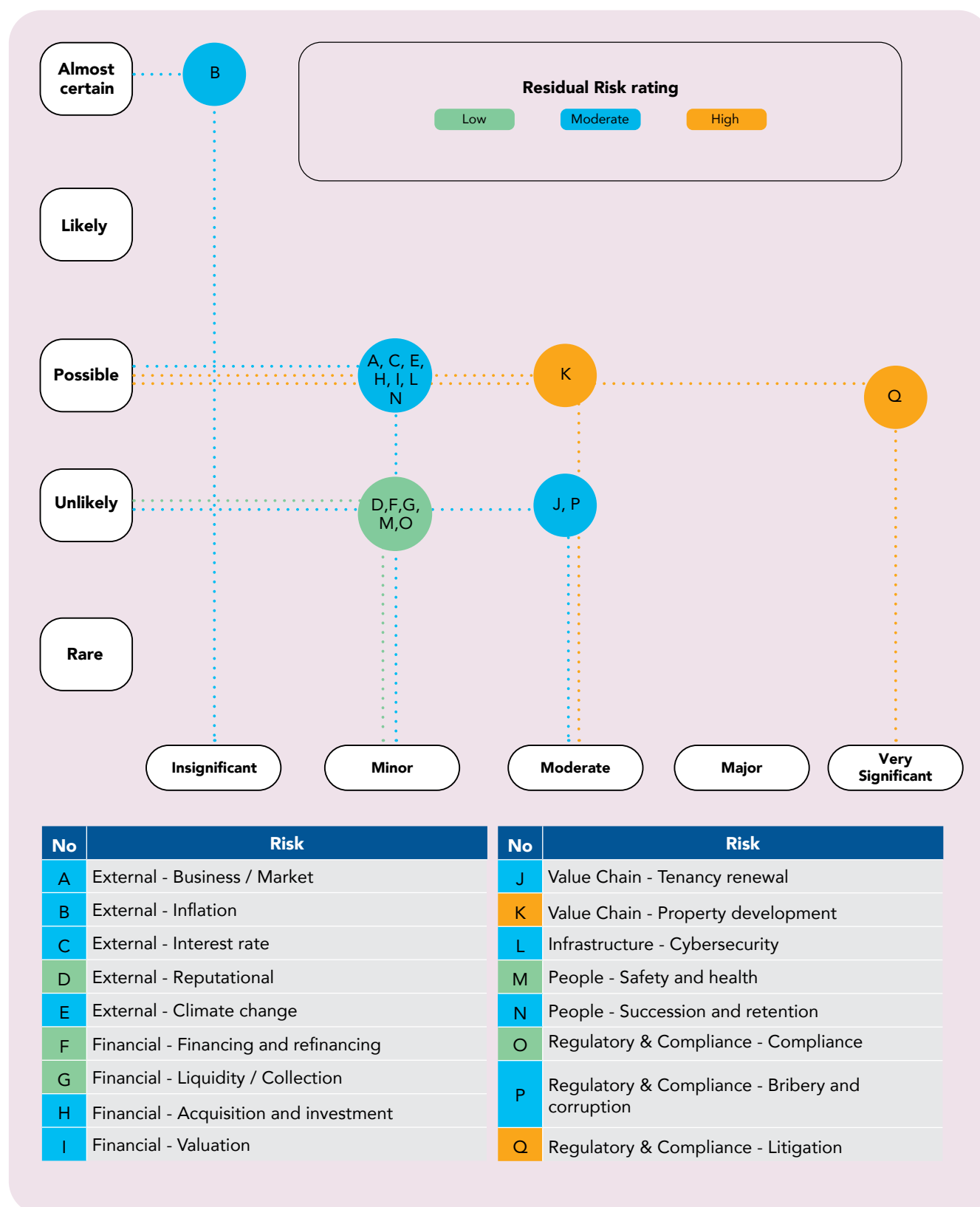
Sunway REIT's risk focus areas are divided into seven main categories. These are:

- ▶ **External**
Risks related to natural disasters, disease outbreaks, manmade disasters, political and economic uncertainties, globalisation, competition, take over and public perception on brand value.
- ▶ **Financial**
Risks related to asset and liability management, budget, costs, regulatory fines, litigation costs and environmental related costs.
- ▶ **Value Chain**
Risks related to resource management of materials, water, energy and wastes, suppliers and customers.
- ▶ **Infrastructure**
Risks covering the digital infrastructure such as disaster recovery, information technology, data storage and cybersecurity and physical infrastructure such as land, buildings, plants, fixtures and machinery.
- ▶ **People**
Risks related to human rights, employee health and safety, labour standards and practices, human capital development and diversity and inclusion.
- ▶ **Regulatory & Compliance**
Risks related to compliance towards statutory, environmental and social laws and regulations and legal obligations.
- ▶ **Corporate Governance**
Risks related to compliance with Sunway Group's policy and procedures, code of conduct and business ethics.

KEY BUSINESS RISKS

RISK PROFILE

The identification of key business risks takes into consideration both likelihood and impact rating. Below are Sunway REIT's key business risks in 2023 and the actions taken to mitigate them.




KEY BUSINESS RISKS

TOP RISKS


The table below describes the top risks of Sunway REIT, ranging (from High to Moderate) identified and monitored at the fund and operation levels and the mitigation action plans.

Risk Appetite	High	Property development activities and asset enhancement initiatives are undertaken to ensure long-term sustainability and relevancy of the properties of Sunway REIT.
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Property Development Risk		Risk Level: High	Risk Trend 
Description	The risk of higher completion costs and financial loss due to delay in completion.		
Risk Owner	<ul style="list-style-type: none"> - Chief Executive Officer - Head of Contracts & Project Management - Heads of Business Units 		
Opportunities	Enhancing the properties through latest offerings and digital innovation to stay ahead of the competition.		
Mitigation	<ul style="list-style-type: none"> - Qualified team of project managers, contractors and consultants to ensure project delivery in terms of time, cost and quality. - Construction team work closely with operation team, tenants and project team on hand over as planned. - Risk assessment on major projects before approval by the Board. - Award of major projects based on tenders, where the processes are subject to the audit of IAD based on its risk-based audit approach. - Quarterly reporting on progress of major projects to the Board. 		

Highlights in 2023

- Sunway Carnival Mall commenced Phase 2 refurbishment of its existing wing with target phased completion between early 2024 to end 2025.
- Sunway Pyramid Mall commenced refurbishment of an ex-anchor tenant's area into multi-tenanted lots with target completion by end 2024.
- Sunway Pier will be undergoing redevelopment into a retail-centric tourist attraction with target completion in 2027.


 For more information on the planned property development activities and asset enhancement initiatives, please refer to Retail Segment section.

Risk Appetite	Low	Sound legal advice and legal representation by reputable legal counsel to ensure the unitholders' interests and assets are safeguarded.
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Litigation Risk		Risk Level: High	Risk Trend 
Description	The risk of loss of assets and financial impacts due to litigation.		
Risk Owner	<ul style="list-style-type: none"> - Chief Executive Officer - Compliance Officer 		
Opportunities	Protecting the assets that are rightfully and legally belonged to Sunway REIT.		
Mitigation	<ul style="list-style-type: none"> - Experienced team of litigation lawyers and independent experts. - Appropriate strategy led by the senior management team. - Proper storage of documentation and evidence that supported the case in terms of quantity, identity and value of items claimed. - 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. 		

Highlights in 2023

- The trial for the assessment of damages was concluded on 13 January 2023. Thereafter, the High Court Judge proceeded to fix the date for the decision to be delivered, which has been adjourned to 30 May 2024.

 For more information on material litigation, please refer to Note 34 of the Audited Financial Statements section.

KEY BUSINESS RISKS

Risk Appetite	Moderate	The Manager continuously seeks to innovate, diversify and keep the business of Sunway REIT relevant.
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Business / Market Risk		Risk Level: Moderate	Risk Trend ↔
Description	The risk of decline in performance and profit due to pandemic outbreaks, competition, geographical concentration and political and economic uncertainties.		
Risk Owner	<ul style="list-style-type: none"> - Chief Executive Officer - Heads of Business Units 		
Opportunities	Embarking on a diversified portfolio of asset classes and asset enhancement initiatives to maintain the stability of the income base and to capture the emerging trends and sectors.		
Mitigation	<ul style="list-style-type: none"> - Diversified property portfolio to mitigate the risks of weaker performance in certain property subsectors. - Collaboration with the Sponsor to leverage and maximise the operational and business synergies with the surrounding developments within the townships that are master-planned and developed by the Sponsor. - Continuous assessment of potential asset enhancement initiatives to refresh the properties and maintain their competitiveness. - Ongoing assessment of investment opportunities in matured market overseas. 		

Highlights in 2023

- World Health Organisation declared end to COVID-19 as a global health emergency in May 2023.
- 30-day visa-free entry effective from 1 December 2023 for visitors from China, India, Turkiye, Jordan, Saudi Arabia, Qatar, the UAE, Bahrain, Kuwait, Iran, and Iraq, is expected to further catalyse the tourism industry in Malaysia.
- Sunway REIT signed a conditional sale and purchase agreement in December 2023 to acquire an industrial property in Prai, Penang which will improve Sunway REIT's asset portfolio mix.

↔ For more information on the market overview of the core segments of Sunway REIT, please refer to the Property Market Insights section.

Risk Appetite	Moderate	The Manager anticipates foreseeable events based on statistical data, federal budget and estimates in order to reduce inflation impacts where possible, recognising these as external forces which are non-controllable.
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Inflation Risk		Risk Level: Moderate	Risk Trend ↔
Description	The risk of increase in the cost of doing business with the rising food, energy and commodity prices.		
Risk Owner	<ul style="list-style-type: none"> - Chief Financial Officer - Heads of Business Units 		
Opportunities	<ul style="list-style-type: none"> - Providing alternative choices at a lower cost. - Optimising the energy consumption and converting to solar energy where possible. 		
Mitigation	<ul style="list-style-type: none"> - Adopt different procurement methodologies based on price submission for cost savings. - Study and use of alternatives materials and substitutes. - Expand pool of suppliers to ensure cost competitiveness. - Combined volume across all malls and offices for better cost efficiency via consolidation lock rate or contract consolidation. - Adopt value engineering to optimise project costs. 		

Highlights in 2023

- Malaysia recorded consumer price index of 2.5% for 2023 compared to 3.3% last year. Over the course of 2024, headline and core inflation is expected to remain at elevated level relative to long-term average amid lingering demand and cost pressures.

↔ For more information on the economic outlook, please refer to Macroeconomic Highlights section.

KEY BUSINESS RISKS

Risk Appetite	Moderate	The Manager takes a proactive approach to manage interest rate based on the direction of the monetary policy overseen by Bank Negara Malaysia vis-à-vis a higher proportion on fixed rate debt.	
Interest Rate Risk		Risk Level: Moderate	Risk Trend ↓
Description	The risk of higher finance costs from adverse movements in interest rates.		
Risk Owner	Chief Financial Officer		
Opportunities	Proactive monitoring of major developments in global and domestic monetary policies to capitalise on and respond swiftly to the movement of interest rates.		
Mitigation	<ul style="list-style-type: none"> - Maintain fixed rate borrowings ratio at manageable level to mitigate the risk of interest rate movements. - Monitor the interest rate environment and vary capital management strategies in line with the interest rate outlook to optimise the cost of debt. - Continuously study and explore effective hedging instruments and opportunities to hedge. - Diversify the sources of funding and the pool of financiers. <p>➡ For more information on the capital management strategies of the Manager, please refer to the Capital Management section.</p>		

Highlights in 2023

- The Federal Reserve (Fed) kept the rates elevated to contain inflation amid at slower pace. For 2024, the Fed is expected to undergo a series of rate cuts in 2024 with the possibility of the first rate cut as early as May 2024.
- The Monetary Policy Committee of Bank Negara Malaysia (BNM) raised the overnight policy rate (OPR) by 25 basis points to 3% in May 2023, bringing it to the pre-pandemic level. For 2024, the BNM is expected to maintain the OPR at 3%.
- New and refinancing rates during the financial year gradually increased, with the average cost of debt rose from 2.98% in FY2022 to 3.80% in FY2023 reflecting the full 125 basis points increase in OPR since beginning of 2022.

KEY BUSINESS RISKS

Risk Appetite	Low to Moderate	The Manager conducts due diligence on new investments and monitors the exposure to existing properties. Sunway REIT remains committed to advancing sustainability agenda and are guided by Sunway REIT's overarching Net Zero Carbon Emissions 2050 roadmap to transition towards low-carbon economy.
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Climate Change Risk		Risk Level: Moderate	Risk Trend ↔
Description	<ul style="list-style-type: none"> - Physical risk: Increased intensity and frequency of extreme rainfall events due to climate change that will physically damage properties (E.g. flash floods, water seepage). - Transition risk: Changes that an organisation is expected to face and navigate as society transitions to a low-carbon economy (E.g. carbon tax on high-carbon emission assets). 		
Risk Owner	<ul style="list-style-type: none"> - Chief Executive Officer - Heads of Business Units - Head of Sustainability 		
Opportunities	<ul style="list-style-type: none"> - Reduction in operating costs by improving efficiency in energy, water, waste and materials management. - Acquire properties that have low physical risk or have adequately mitigated potential physical risk. 		
Mitigation	<ul style="list-style-type: none"> - Established 2030 goals with annual scorecard, which include Goal 1: Transforming Our Portfolio to Low-Carbon Assets. - Retrofit properties with more efficient systems to improve efficiency and reduce wastage. - Continuous study on environmental sustainability initiatives. 		

Highlights in 2023

- Sunway REIT has achieved its targets set for both solar energy generation and building energy intensity for 2023.
- Two properties obtained GreenRE certification; Sunway Resort Hotel achieving Platinum status and Sunway Putra Mall achieving Gold status.
- 82% of Retail and Office tenants participated in the Green Lease Partnership Programme, an initiative to reduce environmental impact.

⇒ For more information on on-going initiatives, target and achievement of Sustainability targets, please refer to Sunway REIT's Sustainability Report 2023.

Risk Appetite	Moderate	Acquisition and investment proposals are reviewed in accordance to the investment framework to ensure all proposal are yield-accretive.
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Acquisition and Investment Risk		Risk Level: Moderate	Risk Trend ↔
Description	The risk of properties being not yield-accretive and distorting the existing portfolio yield.		
Risk Owner	<ul style="list-style-type: none"> - Chief Executive Officer - Head of Business Development 		
Opportunities	Embarking on a diversified portfolio of asset classes and asset enhancement initiatives to maintain the stability of the income base and capture the emerging trends and sectors.		
Mitigation	<ul style="list-style-type: none"> - Evaluation of proposals against a set of approved investment criteria to ensure the acquisition or investment is both yield- and DPU-accretive. - The Investment Appraisal Working Group to review the proposals prior to recommendation to the Board and the Trustee. - Due diligence by business development team, advisers and/or consultants prior to acquisition or investment. - Risk assessment on operations, leasing, funding, forex and compliance, where applicable, for major investment proposals. 		

Highlights in 2023

- Sunway REIT entered into a conditional sale and purchase agreement on 16 March 2023 to acquire six hypermarkets / retail complexes for a cash consideration of RM520 million with target completion in second quarter of 2024.
- Sunway REIT entered into a conditional sale and purchase agreement on 18 December 2023 to acquire an industrial property in Prai, Penang for a cash consideration of RM66.8 million with target completion in third quarter of 2024.

⇒ For more information on the proposed acquisitions, please refer to Retail Segment section and Industrial & Others Segment section.


KEY BUSINESS RISKS

Risk Appetite	Moderate	Valuation is driven by both external (market supply and economic condition) and internal driven (occupancy and rental reversion on tenancies and leases), aligned to the business / market risk and tenancy renewal risk.
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Valuation Risk		Risk Level: Moderate	Risk Trend ↔
Description	The risk that properties may suffer a decline in value, thus affecting loan covenants and the ability to realise capital gains.		
Risk Owner	<ul style="list-style-type: none"> - Head of Business Development - Heads of Business Units 		
Opportunities	<ul style="list-style-type: none"> - Increase in property value enhances our ability to secure higher borrowings through a larger loan-to-value base. - The majority of the properties are located in integrated townships in Sunway City, Sunway Putra and Mainland Penang, attracting a wider consumer base in the form of footfall and occupancy rate. 		
Mitigation	<ul style="list-style-type: none"> - High occupancy levels underpinned by strong asset management team and various asset management strategies. - Branding and competitiveness through market positioning, operational efficiency and transformation through innovation, as well as leveraging good relationships with business partners. - Diversified portfolio across geographies, focusing on core markets and cities where the Sponsor has operational scale, and where underlying economic fundamentals are more robust. - Sunway Carnival Mall Phase 1 expansion (New wing) and Sunway Resort Hotel refurbishment were fully completed in 2023. 		

Highlights in 2023

- The year-end valuation for 2023 reflected an overall net fair value gain of RM0.5 million.
- The Manager has applied for leasehold extension of Sunway Carnival Mall and Sunway Hotel Seberang Jaya, pending land office's approval.


 For more information on the valuation, please refer to Fair Value of Investment Properties section.

Risk Appetite	Moderate	Tenancy renewal is important for sustainable returns of Sunway REIT. The Manager strives to balance renewal of tenancies and leases versus rental reversion guided by property market outlook and demand / supply.
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Tenancy Renewal Risk		Risk Level: Moderate	Risk Trend ↔
Description	The risk of tenancies not being renewed or downsizing due to drop in tenant's business and/or incoming new supply of buildings.		
Risk Owner	<ul style="list-style-type: none"> - Heads of Business Units - Heads of Leasing 		
Opportunities	Enhancing the tenancy mix in line with market trends and latest retail developments.		
Mitigation	<ul style="list-style-type: none"> - 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. - Leverage on the business synergies created by the integrated townships in Sunway City, Sunway Putra and Mainland Penang. 		

Highlights in 2023

- High renewal rates for retail and office tenancies of above 90% contributing to high occupancy rates for majority of the properties.
- As at 31 December 2023, Sunway REIT has secured committed tenants for 75% and 62% of NLA for existing wing of Sunway Carnival Mall and ex-anchor tenant's area at Sunway Pyramid Mall respectively, which are undergoing refurbishment to be completed within the next one to two years.

 For more information on the rental renewals and lease expiry, please refer to Segmental Highlights section.

KEY BUSINESS RISKS

Risk Appetite	Low	Sunway REIT employs IT heavily in operations for efficiency. Cybersecurity is vital to ensure no disruption to business operation and loss of assets of Sunway REIT.
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Cybersecurity Risk		Risk Level: Moderate	Risk Trend ↔
Description	The risk of operational disruptions and loss of confidential data due to cyberattacks on the IT system.		
Risk Owner	<ul style="list-style-type: none"> - Sunway Group Chief Information Security Officer - Heads of Business Units 		
Opportunities	<ul style="list-style-type: none"> - Embracing innovation through new technologies in operation. - Increased dependence on IT systems and management of information are inevitable as data is collected to predict behaviors and trends. 		
Mitigation	<ul style="list-style-type: none"> - Maintained an IT security framework that addressed evolving IT security threats such as hackers, intelligent malware and advanced viruses. - Maintained a dedicated IT team to keep abreast of the latest developments, innovations and threats in technology and to assess their impacts and risks. - Conducted training, including annual compliance and assessment exercises, to educate users and heighten their awareness to cyber threats. - Maintained a cyber threat incident response protocol and a disaster recovery plan with annual testing. 		

Highlights in 2023

- IT practices were reviewed and audited by the external auditors, Internal Audit Department and SIRIM, during the financial year.
- SC had, on 1 August 2023, issued the Guidelines on Technology Risk Management to be effective from September 2024. Sunway Group Cybersecurity is studying the compliance requirements against the existing technology risk management of Sunway REIT.

Risk Appetite	Moderate	Sunway Group recognises the importance of human capital and takes continuous efforts on staff retention. Sunway REIT may capitalise on the wider Sunway Group for succession planning.
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Succession and Retention Risk		Risk Level: Moderate	Risk Trend ↔
Description	The risk of not able to replace resigning employees of the Manager in a timely manner causing disruption to operation.		
Risk Owner	<ul style="list-style-type: none"> - Chief Executive Officer - Chief Financial Officer - Sunway Group Head of Human Resources 		
Opportunities	<ul style="list-style-type: none"> - Enlargement of scope of existing employees for career development. - New employees contributing to different perspectives for improvement. 		
Mitigation	<ul style="list-style-type: none"> - Leverage on the centralized function of the Sponsor (such as IT and finance shared services, tax, treasury and business development). - Conduct a bi-yearly employee engagement survey to understand and cater to the employees' diverse needs. 		

Highlights in 2023

- An employee engagement survey was conducted to gather feedback from the employees.
- Discussion was initiated with Human Resources Department to decide on impactful action plans to be rolled out in immediate, near and longer term.

KEY BUSINESS RISKS

Risk Appetite	Zero	Sunway REIT has a zero tolerance on bribery and corruption.	
Bribery and Corruption Risk		Risk Level: Moderate	Risk Trend ↔
Description	The risk of bribery and corruption by employees of the Manager, Business Unit Management Teams and business partners.		
Risk Owner	<ul style="list-style-type: none"> - Chief Executive Officer - Anti-Bribery and Corruption Officer - Heads of Business Units 		
Opportunities	<ul style="list-style-type: none"> - Reduces extravagant cost spending out of market norms. - Transparent and fair business conduct. 		
Mitigation	<ul style="list-style-type: none"> - The Anti-Bribery and Corruption Policy was approved on 19 May 2020. The policy is applicable to all Sunway REIT's business associates and employees of the Manager, covering gifts, entertainment and hospitality benefits, donations, sponsorships, corporate responsibilities, facilitation payments, kickbacks and money laundering. - Set the tone from the top – zero tolerance for bribery and corruption. - All employees of the Manager are required to complete mandatory e-training programmes on the Anti-Bribery and Corruption Policy and the Code of Conduct and Business Ethics and declaration of conflict of interest. - Annual anti-bribery and corruption review included in the audit plan of the Internal Audit Department to ensure compliance. - Annual ABC compliance monitoring by Sunway Group Risk and Compliance Department, benchmarked against the Guidance on Good Practice and the Checklist for Adequate Procedure issued by Transparency International Malaysia. - ABC declaration and questionnaire included as part of the due diligence review of business partners. 		

Highlights in 2023

- Yearly e-training and declaration for all employees completed on the SAP Success Factor platform.
- The anti-bribery and corruption (ABC) compliance monitoring for the Manager and business units at properties' level were completed by the Anti-Bribery and Corruption Officer during the financial year.
- In 2023, there were zero reported cases of bribery and corruption.

Audited Financial
Statements

Additional Compliance
Information

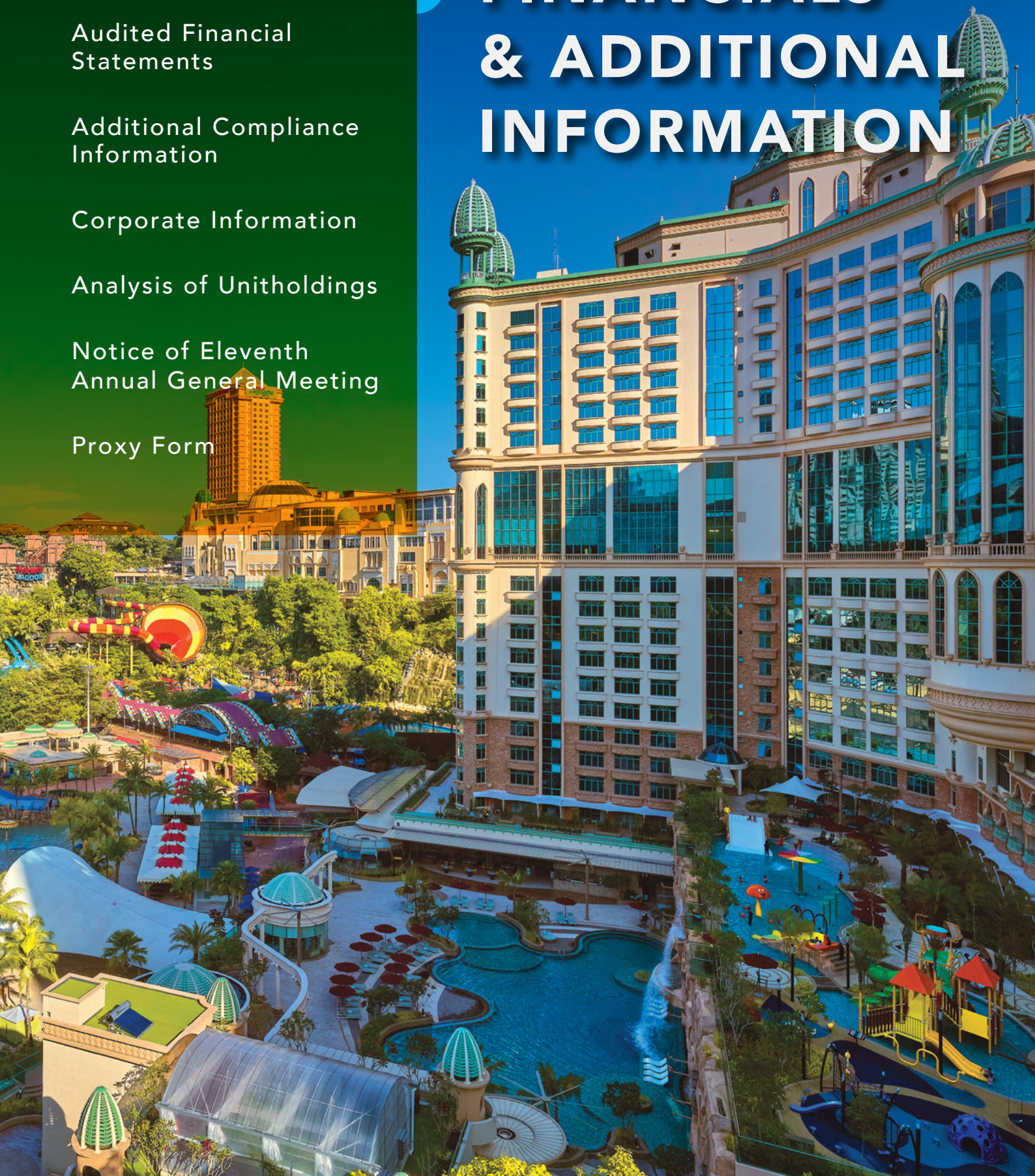
Corporate Information

Analysis of Unitholdings

Notice of Eleventh
Annual General Meeting

Proxy Form

FINANCIALS & ADDITIONAL INFORMATION



DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

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 IFRS Accounting 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 Guidelines on Listed Real Estate Investment Trusts by Securities Commission Malaysia, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and to present it before the unitholders of Sunway REIT at its annual general meeting.

The Directors are responsible to ensure that the financial statements give a true and fair view of the financial position of the Group and of Sunway REIT as at 31 December 2023, and of the financial performance and cash flows of the Group and of Sunway REIT for the financial year ended 31 December 2023.

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;
- ensure that all applicable accounting standards have been followed; 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 available to them to safeguard the assets of Sunway REIT and to detect and prevent fraud and other irregularities.

MANAGER'S REPORT

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 year ended 31 December 2023.

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 year ended 31 December 2023. There was no change in the strategies and policies employed during the financial year.

DIRECTORS

The Directors of the Manager who have held office during the financial year until the date of this report are as follows:

Tan Sri Amirsham Bin A Aziz
Chen Kok Peng (Appointed on 1 July 2023)
Datuk Christopher Martin Boyd
Sarena Cheah Yean Tih, S.M.S.
Ng Sing Hwa
Tengku Nurul Azian Binti Tengku Shahrman
Yeo Kar Peng
Dato' Ng Tiong Lip (Retired on 30 June 2023)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, 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.

MANAGER'S REPORT

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 year in units in Sunway REIT during the financial year were as follows:

	Number of units		
	As at		As at
	1.1.2023	Acquired	31.12.2023
	Unit '000	Unit '000	Unit '000

Indirect interest:

Sarena Cheah Yean Tih, S.M.S. *	1,400,297	-	-	1,400,297
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* 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.

The other Directors of the Manager in office at the end of the financial year did not have any interests in units in Sunway REIT during the financial year.

SOFT COMMISSION

There was no soft commission received by the Manager during the financial year from any broker or dealer by virtue of transactions conducted for Sunway REIT.

OTHER INFORMATION

- (a) Before the financial statements of the Group and of the Fund were prepared, the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to their estimated realisable values.
- (b) At the date of this report, the Manager is not aware of any circumstances which would:
 - (i) render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Fund inadequate to any substantial extent; and
 - (ii) render the values attributed to the current assets in the financial statements of the Group and of the Fund misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Fund misleading.
- (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 year 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 year.

MANAGER'S REPORT

OTHER INFORMATION (CONT'D.)

- (f) In the opinion of the Manager:
- (i) the results of the operations of the Group and of the Fund during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year 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 year 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 year which would or may affect the ability of the Group or of the Fund to meet their obligations when they fall due.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) Proposed acquisition of hypermarkets/retail complexes for cash consideration of RM520.0 million

On 16 March 2023, Sunway REIT entered into a conditional sale and purchase agreement ("SPA") with Kwasa Properties Sdn. Bhd. ("Kwasa"), a wholly-owned subsidiary of the Employees Provident Fund, to acquire six freehold hypermarkets/retail complexes that are strategically located in Klang Valley and Johor for a total cash consideration of RM520.0 million.

Approval from Economic Planning Unit of the Prime Minister's Office ("EPU") in respect of the proposed acquisition is the only condition precedent of the SPA to be fulfilled. A conditional approval was received from EPU and the Board of Directors of the Manager is reviewing the said condition for the next course of action, which will be updated in due course.

(b) Proposed acquisition of an industrial property in Prai, Penang for cash consideration of RM66.8 million

On 18 December 2023, Sunway REIT entered into a conditional sale and purchase agreement with Best Corridor Venture Sdn. Bhd., to acquire an industrial property that is strategically located in Bukit Tengah Industrial Park, Prai, Penang for a cash consideration of RM66.8 million.

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed in Q3 2024, subject to all conditions precedent being fulfilled.

(c) Proposed acquisition of a shopping mall known as "163 Retail Park" in Mont Kiara, Kuala Lumpur for cash consideration of RM215.0 million

On 26 January 2024, Sunway REIT entered into a conditional sale and purchase agreement with D'Kiara Place Sdn. Bhd., to acquire a shopping mall known as "163 Retail Park" that is strategically located in Mont Kiara, Kuala Lumpur for a cash consideration of RM215.0 million.

Barring any unforeseen circumstances, the proposed acquisition is expected to be completed in Q2 2024, subject to all conditions precedent being fulfilled.

MANAGER'S REPORT

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")

Metroplex is claiming for various chattels and movable items 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.

Since then, this case has proceeded through the High Court (which allowed Metroplex's claim on liability), the Court of Appeal (which allowed the Defendants' appeal and set aside the High Court's decision), and then the Federal Court, which on 31 March 2021 overturned the Court of Appeal's Decision and reinstated the High Court's Decision in favour of Metroplex.

At this stage, the financial impact cannot be determined pending the decision of the High Court, which has been adjourned to 30 May 2024.

Further details of the material litigation is disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF0206), have expressed their willingness to continue in office.

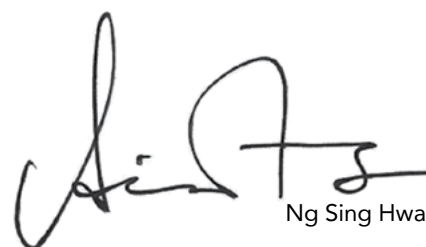
Auditors' remuneration of the Group and of the Fund for the financial year ended 31 December 2023 were as follows:

	Group RM'000	Fund RM'000
Statutory audit	139	133
Other services	3	3
	142	136

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 5 February 2024.



Chen Kok Peng



Ng Sing Hwa

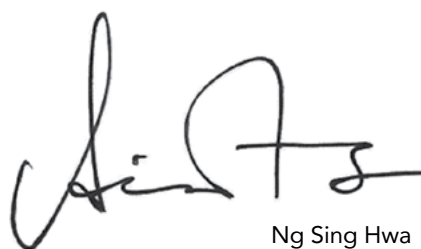
STATEMENT BY THE MANAGER

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 167 to 226 are drawn up in accordance with 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 (collectively referred to as the "Deed"), the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia, Malaysian Financial Reporting Standards and IFRS Accounting 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 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 5 February 2024.



Chen Kok Peng



Ng Sing Hwa

STATUTORY DECLARATION

I, Ng Bee Lien (CA 13890), 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 167 to 226 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 Ng Bee Lien
at Petaling Jaya in the State of Selangor
Darul Ehsan on 5 February 2024



Ng Bee Lien

Before me,



TRUSTEE'S REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

We have acted as Trustee of Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund") for the financial year ended 31 December 2023. In our opinion and to the best of our knowledge, Sunway REIT Management Sdn. Bhd. (the "Manager") has managed Sunway REIT during the period covered by these financial statements, set out on pages 167 to 226, in accordance with the limitations imposed on the investment powers of the Manager, 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 (collectively referred to as the "Deed"), the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia and the applicable securities laws.

We have ensured that valuation has been carried out on all the properties of Sunway REIT in accordance with the Deed and any other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2023 are in line with and are reflective of the objective of Sunway REIT.

For and on behalf of the Trustee,
RHB TRUSTEES BERHAD (AS TRUSTEE FOR SUNWAY REIT)



MOHD SOFIAN BIN KAMARUDDIN
Vice President



LIM BEE FANG
Assistant Vice President

Kuala Lumpur, Malaysia
5 February 2024

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 2023 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 year then ended, and notes to the financial statements, including material accounting policy information as set out on pages 167 to 226.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 year. 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 RM8,912,360,000 as at 31 December 2023.

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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

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, IFRS Accounting 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

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.)

- (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 control 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 year 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.



BDO PLT
201906000013 (LLP0018825-LCA) & AF0206
Chartered Accountants



Lu Yan Fen
03803/11/2025 J
Chartered Accountant

Kuala Lumpur
5 February 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Fund	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	6				
- Realised		704,548	639,461	704,548	639,461
- Unrealised (in relation to unbilled lease income receivable)		11,141	11,985	11,141	11,985
		715,689	651,446	715,689	651,446
Property operating expenses	7	(188,792)	(151,208)	(188,792)	(151,208)
Net property income		526,897	500,238	526,897	500,238
Interest income	8	9,894	4,755	9,894	4,755
Other income		397	100	397	100
Changes in fair value of investment properties	14				
- As per valuation reports		505	(73,001)	505	(73,001)
- As per SPA for non-current asset held for sale		-	60,000	-	60,000
- Unbilled lease income receivable		(11,141)	(11,985)	(11,141)	(11,985)
Net investment income		526,552	480,107	526,552	480,107
Manager's fees	9	(43,934)	(42,388)	(43,934)	(42,388)
Trustee's fees		(770)	(770)	(700)	(700)
Auditors' remuneration:					
- Statutory audit		(139)	(132)	(133)	(126)
- Other services		(3)	(6)	(3)	(3)
Tax agent's fee		(41)	(35)	(35)	(32)
Valuation fees		(677)	(779)	(677)	(779)
Other trust expenses		(2,483)	(3,072)	(2,638)	(3,227)
Finance costs	10	(138,949)	(100,050)	(158,765)	(119,867)
Total expenses		(186,996)	(147,232)	(206,885)	(167,122)
Profit before tax		339,556	332,875	319,667	312,985
Tax expense	11	(1,365)	(9,317)	(1,365)	(9,317)
Profit for the financial year		338,191	323,558	318,302	303,668
Profit for the financial year comprises the following:					
Realised					
- Unitholders		319,022	328,228	319,022	328,228
- Perpetual note holders		19,889	19,890	-	-
		338,911	348,118	319,022	328,228
Unrealised		(720)	(24,560)	(720)	(24,560)
		338,191	323,558	318,302	303,668
Basic earnings per unit attributable to unitholders (sen):	12				
Realised		9.32	9.58	9.32	9.58
Unrealised		(0.02)	(0.72)	(0.02)	(0.72)
		9.30	8.86	9.30	8.86
Distribution per unit (sen)	13	9.30	9.22	9.30	9.22

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Fund	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	338,191	323,558	318,302	303,668
Other comprehensive income to be reclassified to profit or loss in subsequent periods*:				
Cash flow hedge - fair value gain/(loss) on derivative	17,813	(4,069)	17,813	(4,069)
Cash flow hedge reserve recycled to profit or loss	(18,548)	3,591	(18,548)	3,591
Total comprehensive income for the financial year	337,456	323,080	317,567	303,190
Realised profit for the financial year is arrived at as follows:				
Profit for the financial year	338,191	323,558	318,302	303,668
Add: Changes in fair value of investment properties	10,636	24,986	10,636	24,986
Less: Unbilled lease income receivable	(11,141)	(11,985)	(11,141)	(11,985)
Add: Deferred tax expense on fair value gain/loss of investment properties	1,365	9,317	1,365	9,317
Add: Unrealised expenses in relation to proposed disposal	-	2,342	-	2,342
Add: Unrealised foreign exchange loss/(gain) (hedged item)	18,548	(3,591)	18,548	(3,591)
Less: Cash flow hedge reserve recycled to profit or loss	(18,548)	3,591	(18,548)	3,591
Less: Others	(140)	(100)	(140)	(100)
Realised profit for the financial year	338,911	348,118	319,022	328,228
Less: Amount reserved for distribution to perpetual note holders	(19,889)	(19,890)	-	-
Realised profit attributable to unitholders	319,022	328,228	319,022	328,228

* There is no tax effect arising from each of the components of the other comprehensive income.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

INCOME DISTRIBUTION TO UNITHOLDERS

	Group/Fund	
	2023	2022
	RM'000	RM'000
Realised profit for the financial year, representing income available for distribution for the financial year	319,022	328,228
Brought forward undistributed income available for distribution	42,800	30,339
Total income available for distribution	361,822	358,567
Distribution to unitholders during the year:		
Distribution of 4.22 sen per unit for period from 1 January 2022 to 30 June 2022	-	(144,527)
Final income distribution of 5.00 sen per unit for period from 1 July 2022 to 31 December 2022	-	(171,240)
Distribution of 4.62 sen per unit for period from 1 January 2023 to 30 June 2023	(158,226)	-
Proposed final income distribution of 4.68 sen per unit for period from 1 July 2023 to 31 December 2023 ¹	(160,281)	-
Balance undistributed income	43,315	42,800

¹ The proposed final income distribution will be recognised and paid in the financial year ending 31 December 2024.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group	
	Note	2023 RM'000	2022 RM'000
Assets			
Non-current assets			
Investment properties	14	8,912,360	8,622,501
Investment properties - accrued lease income	18	59,640	48,499
Plant and equipment	15	17,399	15,781
Right-of-use asset		720	795
		8,990,119	8,687,576
Current assets			
Trade receivables	17	19,384	25,156
Other receivables	18	88,799	19,401
Derivatives	20	15,016	-
Cash and bank balances	19	425,305	251,238
		548,504	295,795
Non-current asset held for sale	21	-	430,000
Total assets		9,538,623	9,413,371
Equity and liabilities			
Equity			
Unitholders' capital	22	3,433,864	3,433,864
Undistributed income		1,742,498	1,754,397
Total Unitholders' funds		5,176,362	5,188,261
Perpetual note holders' funds	23	339,717	339,717
Total equity		5,516,079	5,527,978
Non-current liabilities			
Borrowings	24	2,000,000	1,900,000
Long term liabilities	26	101,697	84,964
Deferred tax liabilities	27	12,991	11,631
Lease liability		773	822
		2,115,461	1,997,417
Current liabilities			
Borrowings	24	1,636,985	1,636,777
Trade payables	28	1,498	16,746
Other payables	29	268,552	218,027
Derivatives	20	-	5,610
Deferred tax liabilities	27	-	10,777
Lease liability		48	39
		1,907,083	1,887,976
Total liabilities		4,022,544	3,885,393
Total equity and liabilities		9,538,623	9,413,371

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group	
		2023	2022
	Note	RM'000	RM'000
Units in circulation ('000)	22	3,424,808	3,424,808
Net asset value ("NAV") attributable to unitholders:			
Before income distribution		5,176,362	5,188,261
After income distribution		5,016,081	5,017,021
NAV per unit attributable to unitholders (RM):			
Before income distribution ¹		1.5114	1.5149
After income distribution ²		1.4646	1.4649

¹ Before the proposed final income distribution of 4.68 sen per unit (2022: 5.00 sen per unit)

² After the proposed final income distribution of 4.68 sen per unit (2022: 5.00 sen per unit)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Fund	
		2023 RM'000	2022 RM'000
Assets			
Non-current assets			
Investment properties	14	8,912,360	8,622,501
Investment properties - accrued lease income	18	59,640	48,499
Plant and equipment	15	17,399	15,781
Right-of-use asset		720	795
Investments in subsidiaries	16	100	100
		8,990,219	8,687,676
Current assets			
Trade receivables	17	19,384	25,156
Other receivables	18	88,799	19,401
Derivatives	20	15,016	-
Cash and bank balances	19	425,144	251,075
		548,343	295,632
Non-current asset held for sale	21	-	430,000
Total assets		9,538,562	9,413,308
Equity and liabilities			
Equity			
Unitholders' capital	22	3,433,864	3,433,864
Undistributed income		1,742,501	1,754,400
Total Unitholders' funds		5,176,365	5,188,264
Non-current liabilities			
Borrowings	24	2,000,000	1,890,000
Amounts due to subsidiaries	25	-	349,764
Long term liabilities	26	101,697	84,964
Deferred tax liabilities	27	12,991	11,631
Lease liability		773	822
		2,115,461	2,337,181
Current liabilities			
Borrowings	24	347,325	287,013
Trade payables	28	1,498	16,746
Other payables	29	257,437	205,852
Amounts due to subsidiaries	25	1,640,428	1,361,826
Derivatives	20	-	5,610
Deferred tax liabilities	27	-	10,777
Lease liability		48	39
		2,246,736	1,887,863
Total liabilities		4,362,197	4,225,044
Total equity and liabilities		9,538,562	9,413,308

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Fund	
	Note	2023 RM'000	2022 RM'000
Units in circulation ('000)	22	3,424,808	3,424,808
Net asset value ("NAV") attributable to unitholders:			
Before income distribution		5,176,365	5,188,264
After income distribution		5,016,084	5,017,024
NAV per unit attributable to unitholders (RM):			
Before income distribution ¹		1.5114	1.5149
After income distribution ²		1.4646	1.4649

¹ Before the proposed final income distribution of 4.68 sen per unit (2022: 5.00 sen per unit)

² After the proposed final income distribution of 4.68 sen per unit (2022: 5.00 sen per unit)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

GROUP

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000	Perpetual Note Holders' Funds RM'000	Total Equity RM'000
At 1 January 2023	3,433,864	1,754,397	5,188,261	339,717	5,527,978
Total comprehensive income					
Profit for the financial year	-	338,191	338,191	-	338,191
Other comprehensive income:					
- Cash flow hedge - fair value gain on derivative	-	17,813	17,813	-	17,813
- Cash flow hedge reserve recycled to profit or loss	-	(18,548)	(18,548)	-	(18,548)
Total comprehensive income, representing the increase in net assets resulting from operations	-	337,456	337,456	-	337,456
Unitholders' transactions					
Distribution to unitholders:					
- Income distribution declared and paid in current year (Note 13)	-	(158,226)	(158,226)	-	(158,226)
- Income distribution proposed in prior year but paid in current year	-	(171,240)	(171,240)	-	(171,240)
Decrease in net assets resulting from unitholders' transactions	-	(329,466)	(329,466)	-	(329,466)
Perpetual Note Holders' transactions					
Amount reserved for distribution to perpetual note holders	-	(19,889)	(19,889)	-	(19,889)
Decrease in net assets resulting from perpetual note holders' transactions	-	(19,889)	(19,889)	-	(19,889)
At 31 December 2023	3,433,864	1,742,498	5,176,362	339,717	5,516,079

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

GROUP (CONT'D.)

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000	Perpetual Note Holders' Funds RM'000	Total Equity RM'000
At 1 January 2022	3,433,864	1,691,629	5,125,493	339,717	5,465,210
Total comprehensive income					
Profit for the financial year	-	323,558	323,558	-	323,558
Other comprehensive income:					
- Cash flow hedge - fair value loss on derivative	-	(4,069)	(4,069)	-	(4,069)
- Cash flow hedge reserve recycled to profit or loss	-	3,591	3,591	-	3,591
Total comprehensive income, representing the increase in net assets resulting from operations	-	323,080	323,080	-	323,080
Unitholders' transactions					
Distribution to unitholders:					
- Income distribution declared and paid in current year (Note 13)	-	(144,527)	(144,527)	-	(144,527)
- Income distribution proposed in prior year but paid in current year	-	(95,895)	(95,895)	-	(95,895)
Decrease in net assets resulting from unitholders' transactions	-	(240,422)	(240,422)	-	(240,422)
Perpetual Note Holders' transactions					
Amount reserved for distribution to perpetual note holders	-	(19,890)	(19,890)	-	(19,890)
Decrease in net assets resulting from perpetual note holders' transactions	-	(19,890)	(19,890)	-	(19,890)
At 31 December 2022	3,433,864	1,754,397	5,188,261	339,717	5,527,978

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

FUND

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000
At 1 January 2023	3,433,864	1,754,400	5,188,264
Total comprehensive income			
Profit for the financial year	-	318,302	318,302
Other comprehensive income:			
- Cash flow hedge - fair value gain on derivative	-	17,813	17,813
- Cash flow hedge reserve recycled to profit or loss	-	(18,548)	(18,548)
Total comprehensive income, representing the increase in net assets resulting from operations	-	317,567	317,567
Unitholders' transactions			
Distribution to unitholders:			
- Income distribution declared and paid in current year (Note 13)	-	(158,226)	(158,226)
- Income distribution proposed in prior year but paid in current year	-	(171,240)	(171,240)
Decrease in net assets resulting from unitholders' transactions	-	(329,466)	(329,466)
At 31 December 2023	3,433,864	1,742,501	5,176,365

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

FUND (CONT'D.)

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000
At 1 January 2022	3,433,864	1,691,632	5,125,496
Total comprehensive income			
Profit for the financial year	-	303,668	303,668
Other comprehensive income:			
- Cash flow hedge - fair value loss on derivative	-	(4,069)	(4,069)
- Cash flow hedge reserve recycled to profit or loss	-	3,591	3,591
Total comprehensive income, representing the increase in net assets resulting from operations	-	303,190	303,190
Unitholders' transactions			
Distribution to unitholders:			
- Income distribution declared and paid in current year (Note 13)	-	(144,527)	(144,527)
- Income distribution proposed in prior year but paid in current year	-	(95,895)	(95,895)
Decrease in net assets resulting from unitholders' transactions	-	(240,422)	(240,422)
At 31 December 2022	3,433,864	1,754,400	5,188,264

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Fund	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Cash receipts from customers		727,248	647,586	727,248	647,586
Refundable security deposits from customers		1,932	5,647	1,932	5,647
Cash paid for operating expenses		(283,562)	(218,246)	(283,562)	(218,246)
Net cash from operating activities		445,618	434,987	445,618	434,987
Cash flows from investing activities					
Acquisition of plant and equipment	Note a	(5,573)	(6,941)	(5,573)	(6,941)
Deposit for acquisition of investment properties		(56,503)	(16,405)	(56,503)	(16,405)
Deposit received for disposal of investment property		-	30,100	-	30,100
Balance payment for acquisition of investment properties		-	(84,735)	-	(84,735)
Balance proceed for disposal of investment property		399,900	-	399,900	-
Incidental costs on acquisition of investment properties	14	-	(3,316)	-	(3,316)
Incidental costs on disposal of investment property		(12,925)	-	(12,925)	-
Subsequent expenditure of investment properties	Note b	(200,070)	(238,791)	(200,070)	(238,791)
Investment in short term money market instrument		-	(407,000)	-	(407,000)
Redemption of short term money market instrument		-	457,000	-	457,000
Interest received		10,543	4,596	10,543	4,596
Net cash from/(used in) investing activities		135,372	(265,492)	135,372	(265,492)
Cash flows from financing activities					
Proceeds from issuance of commercial papers		2,270,000	290,000	-	-
Proceeds from issuance of unrated medium term notes		800,000	1,150,000	-	-
Drawdown of revolving loan - USD		331,503	292,552	331,503	292,552
Drawdown of revolving loan		430,000	290,000	430,000	290,000
Repayment of commercial papers		(2,180,000)	(290,000)	-	-
Repayment of unrated medium term notes		(960,000)	(1,200,000)	-	-
Repayment of revolving loan - USD		(292,552)	(384,893)	(292,552)	(384,893)
Repayment of revolving loan		(320,000)	-	(320,000)	-
Interest paid		(136,572)	(96,038)	(136,572)	(96,038)
Net change in inter-company balances		-	-	(69,998)	(50,003)
Distribution paid to unitholders		(329,466)	(240,422)	(329,466)	(240,422)
Distribution paid to perpetual note holders		(19,836)	(19,999)	(19,836)	(19,999)
Net cash used in financing activities		(406,923)	(208,800)	(406,921)	(208,803)
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at beginning of financial year		251,238	290,543	251,075	290,383
Cash and cash equivalents at end of financial year	19	425,305	251,238	425,144	251,075

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Fund	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Note a:					
Additions of plant and equipment	15	5,613	7,171	5,613	7,171
Additions via deferred payment		(269)	(357)	(269)	(357)
Payment of plant and equipment purchased via deferred payment in prior years		229	127	229	127
Cash outflow for acquisition of plant and equipment		5,573	6,941	5,573	6,941
Note b:					
Subsequent expenditure of investment properties	14	300,495	278,276	300,495	278,276
Interest capitalised		-	(2,185)	-	(2,185)
Additions via deferred payment		(116,325)	(37,654)	(116,325)	(37,654)
Payment of subsequent expenditure of investment properties incurred via deferred payment in prior years		15,900	354	15,900	354
Cash outflow for subsequent expenditure of investment properties		200,070	238,791	200,070	238,791

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Note c: Reconciliation of liabilities arising from financing activities

	Commercial papers (Note 24)		Unrated medium term notes (Note 24)		Revolving loan - USD (Note 24)		Revolving loan (Note 24)	
	Group	Fund	Group	Fund	Group	Fund	Group	Fund
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	(236)	-	1,360,000	-	287,013	287,013	1,890,000	1,890,000
Cash flows	90,000	-	(160,000)	-	38,951	38,951	110,000	110,000
Non-cash flows:								
- Effect of foreign exchange	-	-	-	-	21,361	21,361	-	-
- Discount on commercial papers	(176)	-	-	-	-	-	-	-
- Unamortised transaction costs	72	-	-	-	-	-	-	-
At 31 December 2023	89,660	-	1,200,000	-	347,325	347,325	2,000,000	2,000,000
At 1 January 2022	(309)	-	1,410,000	-	395,675	395,675	1,600,000	1,600,000
Cash flows	-	-	(50,000)	-	(92,341)	(92,341)	290,000	290,000
Non-cash flows:								
- Effect of foreign exchange	-	-	-	-	(16,321)	(16,321)	-	-
- Discount on commercial papers	-	-	-	-	-	-	-	-
- Unamortised transaction costs	73	-	-	-	-	-	-	-
At 31 December 2022	(236)	-	1,360,000	-	287,013	287,013	1,890,000	1,890,000

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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, 47500 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 year.

The consolidated financial statements comprise the Fund and its subsidiaries (the "Group").

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution by the Board of Directors of the Manager on 5 February 2024.

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;
- (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, Zerín Properties Urus Harta Sdn. Bhd. ("Zerín"), is entitled to receive a fixed fee for managing the retail and office properties owned by Sunway REIT. Zerín and/or its service providers shall be reimbursed in full for the property expenses which include the employment and remuneration costs of the centralised team of employees of Zerín and/or its service providers as provided in the Property Management Agreement dated 30 December 2022. The property management fees and reimbursements are payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. FUND INFORMATION (CONT'D.)

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 Bond Berhad (f.k.a 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 IFRS Accounting 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 year. The new MFRSs and Amendments to MFRSs adopted during the financial year 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 RM1,373,595,000 and RM1,713,409,000 respectively as at 31 December 2023.

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) RM121,150,000 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) RM3,636,985,000 relates to borrowings of the Group, of which RM1,636,985,000 are secured by the investment properties as disclosed in Note 14 to the financial statements and borrowings as at 31 December 2023 (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 RM445,618,000 for the financial year ended 31 December 2023. The Manager projects continued profitability and operating cash inflows for the Group and the Fund in the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 a medical premises to a hospital operator, leasing of a purpose-built campus to lessees, leasing of an industrial premises to a lessee and actively looking for a lessee for another industrial premises recently acquired.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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:

Business segments

	31.12.2023					
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000
Revenue						
Rental income	425,706	-	78,538	-	-	504,244
Master lease income	-	83,892	-	55,157	6,775	145,824
Car park rental income	31,041	3,204	3,726	-	-	37,971
Other operating income	16,148	-	361	-	-	16,509
Gross revenue	472,895	87,096	82,625	55,157	6,775	704,548
Unbilled lease income receivable	-	-	-	11,141	-	11,141
	472,895	87,096	82,625	66,298	6,775	715,689
Segment net property income	320,806	82,365	52,172	66,298	5,256	526,897
Interest income						9,894
Other income						397
Changes in fair value of investment properties						
- As per valuation reports	12,450	(23,351)	4,501	3,611	3,294	505
- Unbilled lease income receivable	-	-	-	(11,141)	-	(11,141)
	12,450	(23,351)	4,501	(7,530)	3,294	(10,636)
Total expenses (excluding finance costs)						(48,047)
Finance costs						(138,949)
Profit before tax						339,556
Tax expense						(1,365)
Profit for the financial year						338,191

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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.)

	31.12.2023						
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000	Note
Assets							
Segment assets	5,455,592	1,865,569	965,926	580,000	167,226	9,034,313	
Unallocated assets						504,310	
Total assets						9,538,623	
Liabilities							
Segment liabilities	279,409	32,236	27,762	-	1,385	340,792	
Unallocated liabilities						3,681,752	
Total liabilities						4,022,544	
Other segment information							
Capital expenditure	227,945	66,245	8,823	1,389	1,706	306,108	A
Depreciation	2,881	(2)	984	-	-	3,863	
Other significant non-cash income/ (expenses)	16,186	(23,811)	4,493	(7,530)	2,994	(7,668)	
Unallocated						140	
						(7,528)	B

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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.)

	31.12.2022					
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000
Revenue						
Rental income	388,878	1,390	76,722	-	-	466,990
Master lease income	-	52,349	-	63,195	6,774	122,318
Car park rental income	25,547	2,115	2,562	-	-	30,224
Other operating income	12,427	7,444	58	-	-	19,929
Gross revenue	426,852	63,298	79,342	63,195	6,774	639,461
Unbilled lease income receivable	-	-	-	11,985	-	11,985
	426,852	63,298	79,342	75,180	6,774	651,446
Segment net property income	307,098	59,439	51,775	75,180	6,746	500,238
Interest income						4,755
Other income						100
Changes in fair value of investment properties						
- As per valuation reports	(47,087)	(24,983)	(7,975)	6,777	267	(73,001)
- As per SPA for non-current asset held for sale	-	-	-	60,000	-	60,000
- Unbilled lease income receivable	-	-	-	(11,985)	-	(11,985)
	(47,087)	(24,983)	(7,975)	54,792	267	(24,986)
Total expenses (excluding finance costs)						(47,182)
Finance costs						(100,050)
Profit before tax						332,875
Tax expense						(9,317)
Profit for the financial year						323,558

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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.)

	31.12.2022						
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000	Note
Assets							
Segment assets	5,219,106	1,816,023	954,329	1,007,203	161,000	9,157,661	
Unallocated assets						255,710	
Total assets						9,413,371	
Liabilities							
Segment liabilities	207,315	11,241	26,894	30,100	-	275,550	
Unallocated liabilities						3,609,843	
Total liabilities						3,885,393	
Other segment information							
Capital expenditure	136,904	140,983	7,337	223	-	285,447	A
Depreciation	2,558	11	295	-	-	2,864	
Other significant non-cash (expenses)/ income	(30,987)	(25,017)	(6,175)	44,015	267	(17,897)	
Unallocated						100	
						(17,797)	B

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, net property income, capital expenditure and assets by geographical segments:

Geographical segments

	31.12.2023				
	Selangor RM'000	Kuala Lumpur RM'000	Penang RM'000	Perak RM'000	Total RM'000
Gross revenue	556,620	78,034	77,694	3,341	715,689
Segment net property income	436,757	40,062	46,779	3,299	526,897
Capital expenditure	101,187	15,098	189,823	-	306,108
Segment assets	6,806,047	1,121,047	1,052,188	55,031	9,034,313
Unallocated assets					504,310
					9,538,623

	31.12.2022				
	Selangor RM'000	Kuala Lumpur RM'000	Penang RM'000	Perak RM'000	Total RM'000
Gross revenue	516,286	72,677	59,123	3,360	651,446
Segment net property income	426,137	39,601	31,229	3,271	500,238
Capital expenditure	149,919	10,904	124,624	-	285,447
Segment assets	7,145,479	1,111,378	845,686	55,118	9,157,661
Unallocated assets					255,710
					9,413,371

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. SEGMENT INFORMATION (CONT'D.)

Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements.

A Capital expenditures consist of:

	Group/Fund 2023 RM'000	2022 RM'000
Investment properties (Note 14)	300,495	278,276
Plant and equipment (Note 15)	5,613	7,171
	306,108	285,447

B Other significant non-cash (expenses)/income consist of the following items as presented in the respective notes:

	Group/Fund 2023 RM'000	2022 RM'000
Fair value loss on investment properties (Note 14)	(10,636)	(24,986)
Deferred tax expense on fair value gain/loss on investment properties (Note 27)	(1,365)	(9,317)
Unrealised foreign exchange (gain)/loss (hedged item)	(18,548)	3,591
Cash flow hedge reserve recycled to profit or loss	18,548	(3,591)
Reversal of impairment on trade receivables (Note 7)	4,333	16,406
Other income	140	100
	(7,528)	(17,797)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Manager's capital management is to optimise capital structure and cost of capital of the Group and to adopt active interest rate management strategy to manage the risks associated with changes in interest rates. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2023.

The Manager monitors capital using a gearing ratio, which is total gross borrowings divided by total asset value of the Group pursuant to Securities Commission's Guidelines on Listed Real Estate Investment Trusts. The Group's policy is to keep the gearing ratio below 50%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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.

	Group	
	2023	2022
	RM'000	RM'000
Non-current assets	8,990,119	8,687,576
Current assets	548,504	725,795
Total asset value	9,538,623	9,413,371
Total gross borrowings (Note 24)	3,637,325	3,537,013
Gearing ratio	38.1%	37.6%

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 34% (2022: 31%) of the Group's and 15% (2022: nil) 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 and 24 to the financial statements.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rate.

The Group and the Fund are not significantly exposed to foreign currency risk as the majority of the Group's and of the Fund's transactions, assets and liabilities are denominated in Ringgit Malaysia ("RM") except for the USD75 million Loan Facility as disclosed in Note 24(c) to the financial statements.

The USD75 million Loan Facility is hedged with cross currency swap contract. As such, fluctuation in USD is not expected to have any material effects to the financial performance and position of the Group and of the Fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Financial risk management objectives and policies (cont'd.)

Liquidity risk

The Manager manages the Group's and the Fund's debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Fund maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. In addition, the Manager strives to ensure that the Group and the Fund maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Fund raise committed funding from both capital markets and financial institutions and balances their portfolio with some short term funding so as to achieve overall cost effectiveness.

At the reporting date, RM1,637,325,000 (2022: RM1,637,013,000) of the Group's gross borrowings will be maturing in the next twelve months based on the carrying amount reflected in the financial statements. There will be no repayment risk for the maturing borrowings as the borrowings could be refinanced with the existing facilities given that the CP Programme of RM3.0 billion may be partly or fully underwritten on the drawn amount by a financial institution for the entire duration of the programme and a commitment has been received from a financial institution for refinancing of RM1.5 billion in nominal value of the unrated medium term notes for 5 years with maturity date of any subscription no later than April 2028.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 24, 25, 26, 28 and 29 to the financial statements.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on 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.

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

	Group/ Fund 2023 RM'000	2022 RM'000
Realised		
Rental income	504,244	466,990
Master lease income	145,824	122,318
Car park rental income	37,971	30,224
Other operating income	16,509	19,929
	704,548	639,461
Unrealised		
Unbilled lease income receivable	11,141	11,985
	715,689	651,446

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. REVENUE (CONT'D.)

(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 Lagoon Hotel and Sunway Hotel Georgetown are derived based on the following rent formula:

Total rent = The higher of variable rent or guaranteed rent

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 (after accounting for reserve for furniture, fittings and equipment). 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 (after accounting for reserve for furniture, fittings and equipment).

(c) Hospital master lease income

Hospital master lease income which expired on 30 December 2022 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.

On 29 December 2022, Sunway REIT had entered into a conditional sale and purchase agreement ("SPA") in relation to the disposal of the medical premises. Sunway REIT continued to receive/collect lease income until the disposal becomes unconditional. The transaction was completed on 30 August 2023 ("Disposal"). Further details are disclosed in Note 21 to the financial statements.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. REVENUE (CONT'D.)

(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.

(g) Other operating income

Other operating income mainly comprises rental from common area of the retail properties for promotional events and is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(h) Unbilled lease income receivable

Unbilled lease income receivable is recognised on a straight-line basis over the lease term pursuant to the requirements of MFRS 16 Leases.

7. PROPERTY OPERATING EXPENSES

	Group/Fund	
	2023	2022
	RM'000	RM'000
Quit rent, assessment and insurance	17,464	15,837
Property management fees and reimbursements	56,073	56,214
Utilities	44,233	32,194
Service contracts and maintenance	39,988	32,565
Advertising and promotion	19,656	18,329
Reversal of impairment on trade receivables (Note 17)	(4,333)	(16,406)
Depreciation of plant and equipment (Note 15)	3,863	2,864
Administrative and other operating expenses	11,848	9,611
	188,792	151,208

8. INTEREST INCOME

	Group/Fund	
	2023	2022
	RM'000	RM'000
Interest income from deposits with licensed financial institutions	9,894	3,934
Interest income from short term investment	-	821
	9,894	4,755

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. MANAGER'S FEES

	Group/Fund	
	2023	2022
	RM'000	RM'000
Base fee	28,458	27,737
Performance fee	15,476	14,651
	43,934	42,388
Acquisition fee ¹	-	942
Divestment fee ²	2,150	-

¹ The acquisition fee was capitalised as part of the acquisition cost of investment properties.

² The divestment fee was accounted for as part of cost of disposal of investment property.

10. FINANCE COSTS

	Group		Fund	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest paid/payable:				
- subsidiaries	-	-	76,736	62,086
- revolving loans and interest rate swap	78,879	56,814	78,879	56,814
- commercial papers	7,369	619	-	-
- unrated medium term notes	49,478	41,577	-	-
Amortisation of transaction costs	3,223	3,223	3,150	3,150
Others	-	2	-	2
	138,949	102,235	158,765	122,052
Less: Interest expense capitalised in investment properties (Note 14)	-	(2,185)	-	(2,185)
	138,949	100,050	158,765	119,867

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. TAX EXPENSE

	Group/Fund 2023 RM'000	2022 RM'000
Deferred tax (Note 27):		
Relating to origination or reversal of temporary differences	1,360	(1,460)
Real property gains tax arising from Disposal	5	10,777
	1,365	9,317

Taxation of the Real Estate Investment Trust ("REIT")

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

Sunway REIT will not incur any tax expense during the financial year as it will distribute at least 90% of its total taxable income for the financial year ended 31 December 2023.

Reconciliation of the tax expense is as follows:

	Group 2023 RM'000	2022 RM'000	Fund 2023 RM'000	2022 RM'000
Profit before tax	339,556	332,875	319,667	312,985
Income tax at Malaysian statutory tax rate of 24% (2022: 24%)	81,493	79,890	76,720	75,116
Fair value (gain)/loss on investment properties not deductible	(121)	3,120	(121)	3,120
Income not subject to tax	(86,220)	(77,906)	(81,447)	(73,132)
Expenses not deductible for tax purposes	6,213	4,213	6,213	4,213
Tax expense	1,365	9,317	1,365	9,317

Taxation of the Unitholders

Pursuant to Section 109D(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:

Unitholders	Tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	24%

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. BASIC EARNINGS PER UNIT ATTRIBUTABLE TO UNITHOLDERS

Basic earnings per unit amounts are calculated by dividing realised/unrealised total profit for the year attributable to unitholders of the Fund by the weighted average number of units in issue during the financial year.

	Fund	
	2023 Unit '000	2022 Unit '000
Weighted average number of units in issue	3,424,808	3,424,808

	Group/Fund	
	2023 RM'000	2022 RM'000
Realised		
Total realised profit for the year attributable to unitholders of the Fund	319,022	328,228
Realised basic earnings per unit (sen)	9.32	9.58
Unrealised		
Total unrealised loss for the year attributable to unitholders of the Fund	(720)	(24,560)
Unrealised basic loss per unit (sen)	(0.02)	(0.72)

Diluted earnings per unit equals basic earnings per unit as there were no potential dilutive unit in issue as at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. DISTRIBUTION PER UNIT

Distribution to unitholders is from the following sources:

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net property income	526,897	500,238	526,897	500,238
Interest income	9,894	4,755	9,894	4,755
Other income	397	100	397	100
Changes in fair value of investment properties (Note 14)	(10,636)	(24,986)	(10,636)	(24,986)
Net investment income	526,552	480,107	526,552	480,107
Less: Expenses	(186,996)	(147,232)	(206,885)	(167,122)
Less: Taxation	(1,365)	(9,317)	(1,365)	(9,317)
Profit for the financial year	338,191	323,558	318,302	303,668
Add: Unrealised loss	720	24,560	720	24,560
Less: Amount reserved for distribution to perpetual note holders	(19,889)	(19,890)	-	-
Add: Brought forward undistributed income available for distribution	42,800	30,339	42,800	30,339
Total income available for distribution	361,822	358,567	361,822	358,567
Less: Income distributed	(158,226)	(144,527)	(158,226)	(144,527)
Less: Proposed final income distribution (Note 30)	(160,281)	(171,240)	(160,281)	(171,240)
Balance undistributed income	43,315	42,800	43,315	42,800
Distribution per unit (sen)	9.30	9.22	9.30	9.22

14. INVESTMENT PROPERTIES

	Group/ Fund	
	2023 RM'000	2022 RM'000
Investment properties		
- As per valuation reports	8,972,000	8,671,000
- Accrued lease income (Note 18)	(59,640)	(48,499)
	8,912,360	8,622,501
Investment property under construction	-	-
	8,912,360	8,622,501

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. INVESTMENT PROPERTIES (CONT'D.)

	Group/Fund	
	2023	2022
	RM'000	RM'000
At valuation		
At beginning of financial year	8,622,501	8,449,486
Additions from acquisition	-	94,150
Incidental costs on acquisition	-	3,316
Additions from subsequent expenditure (Note 4)	300,495	278,276
Transfer from investment property under construction	-	252,259
Changes in fair value (Note 4)		
- As per valuation reports, net of write-offs	505	(73,001)
- As per SPA for non-current asset held for sale	-	60,000
- Unbilled lease income receivable	(11,141)	(11,985)
Transfer to non-current asset held for sale (Note 21)	-	(430,000)
At end of financial year	8,912,360	8,622,501

In the previous financial year, Sunway REIT acquired two investment properties, namely Sunway Pier and Sunway REIT Industrial - Petaling Jaya 1 for a purchase consideration of RM34,100,000 and RM60,050,000 respectively, which was financed through drawdown of borrowings.

Investment properties of the Group and of the Fund amounting to RM8,878,000,000 (2022: RM8,555,000,000) are pledged as securities for borrowings as disclosed in Note 24 to the financial statements.

Investment property under construction

	Group/Fund	
	2023	2022
	RM'000	RM'000
At cost		
At beginning of financial year	-	252,259
Transfer to investment properties	-	(252,259)
At end of financial year	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. INVESTMENT PROPERTIES (CONT'D.)

Included in the subsequent expenditure of investment properties are the borrowing costs capitalised for certain capital work-in-progress which satisfied the recognition criteria of MFRS 123 *Borrowing Costs* as disclosed in Note 10 to the financial statements:

	Group/Fund 2023 RM'000	2022 RM'000
Investment properties	-	2,185

The following are recognised in profit or loss in respect of investment properties:

	Group/Fund 2023 RM'000	2022 RM'000
Revenue (Note 6)	715,689	651,446
Property operating expenses (Note 7)	(188,792)	(151,208)
Net property income	526,897	500,238

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. INVESTMENT PROPERTIES (CONT'D.)

Details of the investment properties are as follows:

Description of property	Location	Date of acquisition	Tenure of land	Term of lease	Remaining term of lease	Cost of investment ¹ as at 31.12.2023 RM'000	Carrying value as at 31.12.2023 RM'000	Fair value as at 31.12.2023 RM'000	Percentage of net asset value attributable to unitholders as at 31.12.2023 %
Sunway Pyramid Mall	Selangor	8 July 2010	Leasehold	99 years	74/79/82 years	2,292,823	3,900,000	3,900,000 *	75.3
Sunway Carnival Mall	Penang	8 July 2010	Leasehold	99 years	69 years	781,376	900,000	900,000 **	17.4
SunCity Ipoh Hypermarket	Perak	8 July 2010	Leasehold	99 years	77 years	46,348	55,000	55,000 **	1.1
Sunway Putra Mall	Kuala Lumpur	19 April 2011	Freehold	-	-	486,319	525,000	525,000 ***	10.1
Sunway Pier	Selangor	17 January 2022	Leasehold	99 years	85 years	40,344	33,000	33,000 **	0.6
Total Retail						3,647,210	5,413,000	5,413,000	104.5
Sunway Resort Hotel	Selangor	8 July 2010	Leasehold	99 years	74 years	841,517	730,000	730,000 *	14.1
Sunway Pyramid Hotel	Selangor	8 July 2010	Leasehold	99 years	79 years	334,398	345,000	345,000 *	6.7
Sunway Hotel Seberang Jaya	Penang	8 July 2010	Leasehold	99 years	69 years	65,653	52,000	52,000 **	1.0
Sunway Putra Hotel	Kuala Lumpur	19 April 2011	Freehold	-	-	345,763	334,000	334,000 ***	6.5
Sunway Hotel Georgetown	Penang	28 January 2015	Freehold	-	-	77,202	84,000	84,000 **	1.6
Sunway Lagoon Hotel	Selangor	9 February 2018	Leasehold	99 years	85 years	345,587	310,000	310,000 *	6.0
Total Hotel						2,010,120	1,855,000	1,855,000	35.9
Menara Sunway	Selangor	8 July 2010	Leasehold	99 years	74 years	155,691	178,000	178,000 ^	3.4
Sunway Tower	Kuala Lumpur	8 July 2010	Freehold	-	-	177,232	115,000	115,000 ^^	2.2
Sunway Putra Tower	Kuala Lumpur	19 April 2011	Freehold	-	-	105,951	135,000	135,000 ***	2.6
Wisma Sunway	Selangor	23 March 2015	Leasehold	99 years	71 years	63,151	60,000	60,000 ^^	1.2
Sunway Pinnacle	Selangor	20 November 2020	Leasehold	99 years	74 years	458,850	470,000	470,000 ^	9.1
Total Office						960,875	958,000	958,000	18.5
Sunway university & college campus	Selangor	15 April 2019	Leasehold	99 years	74 years	563,501	520,360 ²	580,000 ^	11.2
Total Services						563,501	520,360	580,000	11.2
Sunway REIT Industrial - Shah Alam 1	Selangor	1 August 2017	Leasehold	99 years	75 years	92,891	105,000	105,000 ***	2.0
Sunway REIT Industrial - Petaling Jaya 1	Selangor	10 November 2022	Freehold	-	-	62,048	61,000	61,000 *	1.2
Total Industrial & Others						154,939	166,000	166,000	3.2
Total Investment Properties						7,336,645	8,912,360	8,972,000	173.3

¹ Cost of investment comprises purchase consideration and capital expenditure incurred and accrued from inception date up to the end of the reporting date.

² After accounting for cumulative unbilled lease income receivable of RM59,640,000.

* Based on valuation carried out by an independent professional valuer, CBRE WTW Valuation & Advisory Sdn. Bhd. on 1 December 2023

** Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd. on 1 December 2023

*** Based on valuation carried out by an independent professional valuer, Savills (Malaysia) Sdn. Bhd. on 1 December 2023

^^ Based on valuation carried out by an independent professional valuer, Jones Lang Wootton on 1 December 2023

^^ Based on valuation carried out by an independent professional valuer, VPC Alliance (KL) Sdn. Bhd. on 1 December 2023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. INVESTMENT PROPERTIES (CONT'D.)

Details of the investment properties are as follows: (cont'd.)

Description of property	Location	Date of acquisition	Tenure of land	Term of lease	Remaining term of lease	Cost of investment ¹ as at 31.12.2022 RM'000	Carrying value as at 31.12.2022 RM'000	Fair value as at 31.12.2022 RM'000	Percentage of net asset value attributable to unitholders as at 31.12.2022 %
Sunway Pyramid Mall	Selangor	8 July 2010	Leasehold	99 years	75/80/83 years	2,263,567	3,840,000	3,840,000 *	74.0
Sunway Carnival Mall	Penang	8 July 2010	Leasehold	99 years	70 years	609,143	700,000	700,000 **	13.5
SunCity Ipoh Hypermarket	Perak	8 July 2010	Leasehold	99 years	78 years	46,348	55,000	55,000 **	1.1
Sunway Putra Mall	Kuala Lumpur	19 April 2011	Freehold	-	-	482,020	525,000	525,000 ***	10.1
Sunway Pier	Selangor	17 January 2022	Leasehold	99 years	86 years	36,732	55,000	55,000 **	1.1
Total Retail						3,437,810	5,175,000	5,175,000	99.8
Sunway Resort Hotel	Selangor	8 July 2010	Leasehold	99 years	75 years	843,105	695,000	695,000 *	13.4
Sunway Pyramid Hotel	Selangor	8 July 2010	Leasehold	99 years	80 years	334,284	345,000	345,000 *	6.6
Sunway Hotel Seberang Jaya	Penang	8 July 2010	Leasehold	99 years	70 years	65,653	55,000	55,000 **	1.1
Sunway Putra Hotel	Kuala Lumpur	19 April 2011	Freehold	-	-	339,687	330,000	330,000 ***	6.4
Sunway Hotel Georgetown	Penang	28 January 2015	Freehold	-	-	76,993	80,000	80,000 **	1.5
Sunway Lagoon Hotel	Selangor	9 February 2018	Leasehold	99 years	86 years	345,583	307,000	307,000 ***	5.9
Total Hotel						2,005,305	1,812,000	1,812,000	34.9
Menara Sunway	Selangor	8 July 2010	Leasehold	99 years	75 years	152,738	174,000	174,000 ^	3.4
Sunway Tower	Kuala Lumpur	8 July 2010	Freehold	-	-	176,894	115,000	115,000 ^^	2.2
Sunway Putra Tower	Kuala Lumpur	19 April 2011	Freehold	-	-	105,279	133,000	133,000 ***	2.6
Wisma Sunway	Selangor	23 March 2015	Leasehold	99 years	72 years	63,148	60,000	60,000 ^^	1.2
Sunway Pinnacle	Selangor	20 November 2020	Leasehold	99 years	75 years	457,317	466,000	466,000 **	9.0
Total Office						955,376	948,000	948,000	18.4
Sunway university & college campus	Selangor	15 April 2019	Leasehold	99 years	75 years	562,112	526,501 ²	575,000 ^	11.1
Total Services						562,112	526,501	575,000	11.1
Sunway REIT Industrial - Shah Alam 1	Selangor	1 August 2017	Leasehold	99 years	76 years	92,499	100,000	100,000 ^^^	1.9
Sunway REIT Industrial - Petaling Jaya 1	Selangor	10 November 2022	Freehold	-	-	60,734	61,000	61,000 *	1.2
Total Industrial & Others						153,233	161,000	161,000	3.1
Total Investment Properties						7,113,836	8,622,501	8,671,000	167.3

¹ Cost of investment comprises purchase consideration and capital expenditure incurred and accrued from inception date up to the end of the reporting date.

² After accounting for cumulative unbilled lease income receivable of RM48,499,000.

* Based on valuation carried out by an independent professional valuer, CBRE WTW Valuation & Advisory Sdn. Bhd. on 31 December 2022

** Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd. on 31 December 2022

*** Based on valuation carried out by an independent professional valuer, Savills (Malaysia) Sdn. Bhd. on 31 December 2022

^ Based on valuation carried out by an independent professional valuer, Jones Lang Wootton on 31 December 2022

^^ Based on valuation carried out by an independent professional valuer, VPC Alliance (KL) Sdn. Bhd. on 31 December 2022

^^^ Based on valuation carried out by an independent professional valuer, First Pacific Valuers Property Consultants Sdn. Bhd. on 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 that 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 year.

The following table shows a reconciliation of Level 3 fair value:

	Group/ Fund	
	2023	2022
	RM'000	RM'000
At beginning of financial year	8,622,501	8,449,486
Additions	300,495	375,742
Transfer from investment property under construction	-	252,259
Changes in fair value		
- As per valuation reports, net of write-offs	505	(73,001)
- As per SPA for non-current asset held for sale	-	60,000
- Unbilled lease income receivable	(11,141)	(11,985)
Transfer to non-current asset held for sale	-	(430,000)
At end of financial year	8,912,360	8,622,501

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. INVESTMENT PROPERTIES (CONT'D.)

- (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.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income approach by Investment method (refer below)	- Allowance for void of 1.50% to 10.00% (2022: 2.50% to 10.00%)	Higher allowance for void, lower fair value
	- Term yield rates ranging from 6.00% to 9.25% (2022: 5.75% to 9.25%)	Higher term yield rates, lower fair value
	- Reversionary yield rates ranging from 6.25% to 7.00% (2022: 6.25% to 7.25%)	Higher reversionary yield rates, lower fair value
Income approach by Discounted Cash Flow (DCF) method (refer below)	- Average room rates during holding period ranging from RM210 per room to RM716 per room (2022: RM165 per room to RM535 per room)	Higher average room rates, higher fair value
	- Average occupancy rates during holding year ranging from 50.00% to 83.00% (2022: 8.40% to 92.50%)	Higher average occupancy rates, higher fair value
	- Capitalisation rate ranging from 6.50% to 7.00% (2022: 6.00% to 7.50%)	Higher capitalisation rate, lower fair value
	- Discount rate of 8.50% to 9.00% over 5-10 years holding year (2022: 8.00% to 8.50% over 10 years holding year)	Higher discount rate, lower fair value

- (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 (5-10 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 retail malls) and other potential revenues during the holding year, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. PLANT AND EQUIPMENT

At 31 December 2023

Group/Fund	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Cost			
At beginning of financial year	18,039	13,021	31,060
Additions (Note 4)	2,102	3,511	5,613
Disposal	(673)	(73)	(746)
At end of financial year	19,468	16,459	35,927
Accumulated depreciation			
At beginning of financial year	9,847	5,432	15,279
Depreciation charge for the year (Note 7)	1,887	1,976	3,863
Disposal	(557)	(57)	(614)
At end of financial year	11,177	7,351	18,528
Net carrying amount	8,291	9,108	17,399

At 31 December 2022

Group/Fund	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Cost			
At beginning of financial year	14,398	9,737	24,135
Additions (Note 4)	3,765	3,406	7,171
Disposal	(124)	(122)	(246)
At end of financial year	18,039	13,021	31,060
Accumulated depreciation			
At beginning of financial year	8,296	4,283	12,579
Depreciation charge for the year (Note 7)	1,633	1,231	2,864
Disposal	(82)	(82)	(164)
At end of financial year	9,847	5,432	15,279
Net carrying amount	8,192	7,589	15,781

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. PLANT AND EQUIPMENT (CONT'D.)

(a) (cont'd.)

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

	Fund 2023 RM'000	2022 RM'000
At cost		
Unquoted ordinary shares	100	100

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activity	2023 %	2022 %
SUNREIT Capital Berhad	Malaysia	To undertake the issuance of commercial papers pursuant to the commercial papers programme ("CP Programme") and/or medium term notes programme ("MTN Programme") (collectively referred to as "CP/MTN Programme") and all matters relating to the CP/MTN Programme	100	100
SUNREIT Bond Berhad (f.k.a SUNREIT Unrated Bond Berhad)	Malaysia	To undertake the issuance of medium term notes ("MTNs") under a medium term note programme ("MTN Programme") and all matters relating to the MTNs under the MTN Programme	100	100
SUNREIT Perpetual Bond Berhad	Malaysia	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	100	100
SUNREIT Hartanah Sdn. Bhd.	Malaysia	Property investment	100	100

SUNREIT Capital Berhad, SUNREIT Bond Berhad (f.k.a SUNREIT Unrated Bond Berhad) and SUNREIT Perpetual Bond Berhad are intended as Special Purpose Vehicle ("SPV") to undertake the issuance of the commercial papers, medium term notes and unrated perpetual bond for Sunway REIT.

SUNREIT Hartanah Sdn. Bhd. is intended as a property investment company for Sunway REIT.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. TRADE RECEIVABLES

	Group/Fund	
	2023	2022
	RM'000	RM'000
Third parties	15,105	25,761
Amounts due from parties related to the Manager	7,556	7,036
	22,661	32,797
Less: Allowance for impairment	(3,277)	(7,641)
Total trade receivables	19,384	25,156

(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:

	Group/Fund	
	2023	2022
	RM'000	RM'000
Sunway Berhad Group	7,540	7,030
Sunway Technology Sdn. Bhd. Group	16	6

The amounts due from parties related to the Manager are unsecured and bear fixed interest rates ranging from 8% to 18% per annum (2022: 8% to 18% per annum) and the credit period ranges from 7 days to 30 days (2022: 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 ranges from 7 days to 30 days (2022: 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 (2022: 8% to 18% per annum).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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.

The reconciliation of movements in allowance for impairment accounts in trade receivables is as follows:

	Group/Fund Credit impaired	
	2023 RM'000	2022 RM'000
At 1 January	7,641	25,719
Reversal for the year (Note 7)	(4,333)	(16,406)
Written off	(31)	(1,672)
At 31 December	3,277	7,641

Trade receivables that are individually determined to be credit impaired at the financial year end relate to trade receivables who are in significant financial difficulties and have defaulted on payments.

As at the end of each reporting year, the credit risks exposures relating to trade receivables of the Group and of the Fund are RM19,384,000 (2022: RM25,156,000) and they are collateralised with cash deposits received from tenants amounting to RM83,857,000 (2022: RM83,560,000). Hence, there is no exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. TRADE RECEIVABLES (CONT'D.)

(e) Ageing analysis of the trade receivables is as follows:

	Group/Fund 2023		
	Gross RM'000	Impaired RM'000	Total RM'000
Current	7,863	112	7,751
1 to 30 days	6,525	282	6,243
31 to 60 days	1,879	172	1,707
61 to 90 days	880	132	748
91 to 120 days	524	107	417
More than 120 days	4,990	2,472	2,518
	14,798	3,165	11,633
	22,661	3,277	19,384

	Group/Fund 2022		
	Gross RM'000	Impaired RM'000	Total RM'000
Current	10,041	184	9,857
1 to 30 days	6,662	584	6,078
31 to 60 days	2,473	193	2,280
61 to 90 days	1,827	257	1,570
91 to 120 days	1,441	514	927
More than 120 days	10,353	5,909	4,444
	22,756	7,457	15,299
	32,797	7,641	25,156

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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:

	Group/Fund			
	2023		2022	
	RM'000	%	RM'000	%
Retail	9,449	48.7	17,289	68.7
Hotel	7,202	37.2	4,008	15.9
Office	2,644	13.6	1,656	6.6
Services	-	0.0	2,203	8.8
Industrial & Others	89	0.5	-	0.0
	19,384	100.0	25,156	100.0

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 year, the interest rate profile of the interest-bearing trade receivables was:

	Group/Fund	
	2023	2022
	RM'000	RM'000
Fixed rate	14,798	22,756

Sensitivity analysis for fixed rate trade receivables at the end of the reporting year is not presented as it is not affected by changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. OTHER RECEIVABLES

	Group/Fund	
	2023	2022
	RM'000	RM'000
Non-current		
Investment properties - accrued lease income (Note 14)	59,640	48,499
Current		
Deposits	68,616	11,203
Prepayments	7,806	3,056
Sundry receivables	12,377	5,142
Total other receivables	88,799	19,401

- (a) Included in other receivables is the following amounts due from parties related to the Manager:

	Group/Fund	
	2023	2022
	RM'000	RM'000
Sunway Berhad Group	1,357	264

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.

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.

Upon assessment on the estimated impact, no expected credit loss from other receivables is recognised during the year as it is not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. OTHER RECEIVABLES (CONT'D.)

- (e) Included in deposits were earnest deposits paid for several proposed acquisitions, which were yet to complete as at end of financial year.
- (f) Accrued lease income is recognised on a straight-line basis over the lease term pursuant to the requirements of MFRS 16 *Leases*.

19. CASH AND BANK BALANCES

	Group		Fund	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	20,305	29,238	20,144	29,075
Deposits with licensed financial institutions	405,000	222,000	405,000	222,000
	425,305	251,238	425,144	251,075

- (a) Cash at banks earn interest rates ranging from 2.65% to 2.90% per annum (2022: 1.40% to 2.73% 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 year are 3.77% per annum (2022: 2.45% per annum) and between 10 to 122 days (2022: 7 to 110 days) respectively.

- (b) At the reporting date, the interest rate profile of the cash and bank balances was:

	Group		Fund	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate	405,000	222,000	405,000	222,000
Variable rate	20,238	29,171	20,077	29,008

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. DERIVATIVES

	Note	Group/Fund		
		Contract/ Notional amount RM'000	Asset RM'000	Liability RM'000
At 31 December 2023				
Current				
Cross currency swap	(b)(i)	331,503	15,016	-
		331,503	15,016	-
At 31 December 2022				
Current				
Cross currency swap	(b)(i)	292,552	-	5,610
		292,552	-	5,610

(a) Derivatives are classified at fair value through profit or loss and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss except for derivatives that are designated as effective hedging instruments.

(b) The Group has derivative contracts as follows:

(i) Cross currency swap

During the financial year, Sunway REIT has entered into a cross currency swap contract to manage its exposure to foreign currency risk arising from foreign currency borrowings, which was entered into to minimise the interest cost. The Group and the Fund use cash flow hedge to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in other comprehensive income in the cash flow hedge reserve until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss. The application of hedge accounting will create some volatility in equity reserve balances.

Where a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or losses existing in equity at that time remain in equity and are recognised when the forecast transaction is ultimately recognised in the profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the profit or loss.

The fair value of the cross currency swap contract is determined by using the mark to market values at the end of the reporting year and changes in the fair value is recognised in equity due to the application of hedge accounting.

(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 year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. NON-CURRENT ASSET HELD FOR SALE

On 29 December 2022, Sunway REIT had entered into a conditional SPA with Sunway Medical Centre Sdn. Bhd., a party controlled by Sunway Berhad, for the sale of 2 parcels of leasehold lands held under PN 12549 Lot 38160, Bandar Sunway, Daerah Petaling, Negeri Selangor and PN 12550 Lot 45, Bandar Sunway, Daerah Petaling, Negeri Selangor together with a 7-storey medical centre with a lower ground floor car park, an elevated car park and a convention centre known as "Sunway Medical Centre (Tower A & B)", located at No. 5, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, for a total cash consideration of RM430.0 million. The transaction was completed on 30 August 2023.

22. UNITHOLDERS' CAPITAL

	Group/Fund			
	2023 Unit '000	2022 Unit '000	2023 RM'000	2022 RM'000
Issued and fully paid				
At beginning of financial year	3,424,808	3,424,808	3,505,372	3,505,372
Manager's fees paid in units	-	-	-	-
Total issued and fully paid	3,424,808	3,424,808	3,505,372	3,505,372
Less: Unit issuance expenses	-	-	(71,508)	(71,508)
At end of financial year	3,424,808	3,424,808	3,433,864	3,433,864

As at 31 December 2023, the Manager did not hold any units in Sunway REIT. However, the parties related to the Manager held units in Sunway REIT as follows:

	Group/Fund			
	Number of units 2023 Unit '000	2022 Unit '000	Market value 2023 RM'000	2022 RM'000
Direct unitholdings of parties related to the Manager:				
Sunway REIT Holdings Sdn. Bhd.	1,400,294	1,400,294	2,156,453	2,044,429
Indirect unitholdings of parties related to the Manager:				
Sunway Berhad [^]	1,400,294	1,400,294	2,156,453	2,044,429

[^] Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway City Sdn. Bhd. and Sunway REIT Holdings Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. PERPETUAL NOTE HOLDERS' FUNDS

SUNREIT Perpetual Bond Berhad ("SUNREIT Perpetual"), a wholly-owned subsidiary of Sunway REIT had, on 21 March 2019, established a perpetual note programme of RM10.0 billion in nominal value ("Perpetual Note Programme").

In April 2019, SUNREIT Perpetual made its first issuance of a perpetual note of RM340,000,000 pursuant to the RM10.0 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 moneys raised from the subscribers are used as advances given to Sunway REIT in the course of Sunway REIT'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 subject to the terms of the Perpetual Note;
- (ii) Direct, unsecured and subordinated obligations of SUNREIT Perpetual 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. BORROWINGS

	Note	Group		Fund	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Short term borrowings					
Secured:					
Commercial papers	(a)	90,000	-	-	-
Revolving loan - USD	(c)	347,325	287,013	347,325	287,013
Unrated medium term notes	(d)	1,200,000	1,350,000	-	-
		1,637,325	1,637,013	347,325	287,013
Less: Unamortised transaction costs	(a)	(164)	(236)	-	-
Discount on commercial papers		(176)	-	-	-
		1,636,985	1,636,777	347,325	287,013
Long term borrowings					
Secured:					
Unrated medium term notes	(d)	-	10,000	-	-
Unsecured:					
Revolving loan	(b)	2,000,000	1,890,000	2,000,000	1,890,000
		2,000,000	1,900,000	2,000,000	1,890,000
Total borrowings		3,636,985	3,536,777	2,347,325	2,177,013

(a) Commercial papers

SUNREIT Capital Berhad ("SUNREIT Capital"), a wholly-owned subsidiary of Sunway REIT had, on 1 April 2019, issued its first commercial papers ("CPs") 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.

The CPs can be issued for tenures ranging from 1, 2, 3, 6, 9, 12 months or any other tenures not exceeding 12 months as SUNREIT Capital may elect. Any amount that has been issued may be reissued or rolled over within the limit and the tenure of the CP Programme. In view that the tenures of the CPs are less than 12 months, the outstanding CPs will be classified as current liabilities.

The CP Programme may be partly or fully underwritten by underwriter(s).

The unamortised transaction costs in relation to the establishment of the CP Programme of RM164,000 (2022: RM236,000) are amortised throughout the duration of the CP Programme.

(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 SUNREIT Capital under the CP Programme during the tenure of the RL Facility. The limit of the RL Facility ("RL Limit") shall correspond with the underwriting commitment availed by the financial institution to SUNREIT Capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. BORROWINGS (CONT'D.)

(b) Revolving loan (cont'd.)

Subsequently, Sunway REIT had obtained additional revolving loan facilities of RM0.25 billion on 17 September 2019 and another RM0.25 billion on 4 July 2022 respectively (collectively, referred to as "Additional RL Facilities") from the same institution. With the Additional RL Facilities, the total limit from the financial institution shall be RM2.0 billion. The Additional RL Facilities are not underwritten.

During the financial year, the terms of the RL Facility and the additional RL Facilities have been revised to incorporate the sustainability-linked mechanism throughout the tenor of the facilities.

The RL Facility and the Additional RL Facilities are 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-i 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 USD75 million.

In the previous financial year, the USD RL Facility had been drawn in AUD97 million and was hedged with cross currency swap ("CCS") contracts for a period of 12 months at the rate equivalent to RM292.6 million until February 2023 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 contracts during the financial year, the USD RL Facility was drawn in USD75 million and hedged with sustainability-linked CCS contracts which equates to RM331.5 million until March 2024.

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 Bond Berhad (f.k.a SUNREIT Unrated Bond Berhad) ("SUNREIT 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 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").

In December 2021, SUNREIT Bond had issued its first sustainability-linked bond ("SLB") under the MTN Programme and the SLB framework has been accorded a Silver Impact Bond Assessment 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 RM8,878,000,000 (2022: RM8,555,000,000) as disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. BORROWINGS (CONT'D.)

- (f) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting year were as follows:

	Group		Fund	
	2023	2022	2023	2022
	%	%	%	%
Commercial papers	3.75	-	-	-
Revolving loans	3.84	3.53	3.84	3.53
Unrated medium term notes	3.98	3.42	-	-

- (g) At the reporting date, the interest rate profile of the gross borrowings was:

	Group		Fund	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate	1,247,325	1,100,000	347,325	-
Variable rate	2,390,000	2,437,013	2,000,000	2,177,013

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.

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 (lower)/higher by RM5,975,000 (2022: RM6,093,000) and RM5,000,000 (2022: RM5,443,000) respectively.

- (h) Maturity of the gross borrowings is as follows:

	Group		Fund	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	1,637,325	1,637,013	347,325	287,013
Later than 1 year and not later than 2 years	-	10,000	-	-
Later than 2 years and not later than 3 years	2,000,000	-	2,000,000	-
Later than 3 years and not later than 4 years	-	1,890,000	-	1,890,000
Later than 4 years and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
	3,637,325	3,537,013	2,347,325	2,177,013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. BORROWINGS (CONT'D.)

- (i) The maturity profile of the Group's and the Fund's borrowings at the reporting date based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2023	1,662,499	2,171,510	-	3,834,009
As at 31 December 2022	1,659,401	2,110,490	-	3,769,891
Fund				
As at 31 December 2023	349,907	2,171,510	-	2,521,417
As at 31 December 2022	288,610	2,099,723	-	2,388,333

- (j) The carrying amounts of the borrowings of the Group and of the Fund as at reporting date were as follows:

	Group		Fund	
	Carrying amount RM'000	Fair value at Level 3 RM'000	Carrying amount RM'000	Fair value at Level 3 RM'000
Borrowings				
As at 31 December 2023	3,636,985	3,636,581	2,347,325	2,347,235
As at 31 December 2022	3,536,777	3,534,061	2,177,013	2,176,914

- (k) There is no transfer between levels in the hierarchy during the financial year.

25. AMOUNTS DUE TO SUBSIDIARIES

- (a) In the previous financial year, the amounts due to subsidiaries (non-current) were as per below:
- (i) Unsecured, bore interest rate of 5.85% per annum and had no fixed term of repayment.
 - (ii) Unsecured, bore an average interest rate of 3.98% and was repayable within 3 years.
- (b) The amounts due to subsidiaries (current) are as per below:
- (i) Unsecured, non-interest bearing and are repayable on demand.
 - (ii) RM340,000,000 (2022: nil) relates to an amount which is unsecured, bears an average interest rate of 5.85% (2022: nil) per annum and is payable within 1 year.
 - (iii) RM1,290,000,000 (2022: RM1,350,000,000) relates to amounts which are secured, bear an average interest rate of 3.97% (2022: 3.42%) per annum and are repayable within 1 year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 twenty-five 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:

	Group/Fund Carrying amount RM'000	Fair value at Level 3 RM'000
--	--	------------------------------------

Long term liabilities

As at 31 December 2023	101,697	79,519
As at 31 December 2022	84,964	64,719

There is no transfer between levels in the hierarchy during the financial year.

- (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:

	One to five years RM'000	Over five years RM'000	Total RM'000
--	--------------------------------	------------------------------	-----------------

Group/Fund

As at 31 December 2023	94,922	6,775	101,697
As at 31 December 2022	78,130	6,834	84,964

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. DEFERRED TAX LIABILITIES

	Group/Fund	
	2023	2022
	RM'000	RM'000
Non-current		
At beginning of financial year	11,631	13,091
Recognised in profit or loss (Note 11)	1,360	(1,460)
At end of financial year	12,991	11,631
Current		
At beginning of financial year	10,777	-
Recognised in profit or loss (Note 11)	5	10,777
Reversal upon payment	(10,782)	-
At end of financial year	-	10,777

The deferred tax liability relates to fair value changes of freehold land component within the investment properties which is expected to be recovered through sale and real property gains tax arising from Disposal which has been completed during the financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. TRADE PAYABLES

	Group/Fund 2023 RM'000	2022 RM'000
Total trade payables	1,498	16,746

- (a) Included in trade payables is the following amounts due to parties related to the Manager:

	Group/Fund 2023 RM'000	2022 RM'000
Sunway Berhad Group	87	11

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 (2022: 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

	Group 2023 RM'000	2022 RM'000	Fund 2023 RM'000	2022 RM'000
Sundry payables	14,972	25,399	14,927	25,399
Accruals	199,661	99,960	188,591	87,785
Deferred income	1,378	659	1,378	659
Refundable deposits	52,541	92,009	52,541	92,009
	268,552	218,027	257,437	205,852

- (a) Included in other payables is the following amounts due to parties related to the Manager:

	Group/Fund 2023 RM'000	2022 RM'000
Sunway Berhad Group	95,056	26,617

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. OTHER PAYABLES (CONT'D.)

- (b) The maturity profile of the Group's and of the Fund's other payables (excluding deferred income) at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) Other payables are classified as financial liabilities measured at amortised cost.

30. MANAGEMENT EXPENSE RATIO

	Group	
	2023	2022
	RM'000	RM'000
Total trust expenses	48,047	47,182
Net asset value at end of financial year	5,516,079	5,527,978
Less: Proposed final income distribution (Note 13)	(160,281)	(171,240)
Net asset value at end of financial year, after proposed final income distribution	5,355,798	5,356,738
Annualised Management Expense Ratio ("MER")	0.90%	0.88%

The calculation of MER is based on the total fees and expenses incurred by the Group in the financial 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 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.

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:

	Group/Fund	
	2023	2022
	RM'000	RM'000
Not later than 1 year	414,055	358,458
Later than 1 year and not later than 5 years	576,553	613,299
Later than 5 years	1,062,243	1,112,035
	2,052,851	2,083,792

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

32. CAPITAL COMMITMENTS

	Group/Fund	
	2023	2022
	RM'000	RM'000
Capital expenditure		
Subsequent expenditure of investment properties:		
Approved and contracted for	903,527	178,714
Approved but not contracted for	609,177	333,427
	1,512,704	512,141

33. SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER

During the financial 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:

		Group/Fund	
		2023	2022
Name of companies related to the Manager	Nature of transactions	RM'000	RM'000
(a) Sunway Berhad Group *	Rental income and utilities charges	164,086	143,752
	Interest income from investment in money market instrument	-	820
	Disposal of investment property	430,000	-
	Subscription of commercial paper	-	50,000
	Property management and related services	(46,084)	(43,330)
	Construction and related services	(233,355)	(209,136)
	Others	(34,887)	(30,739)
Structured entities controlled by Sunway Berhad Group ^	Distribution to perpetual note holders	(19,889)	(19,890)
(b) Sunway Technology Sdn. Bhd. Group ("STSB Group") #	Rental income and utilities charges	2,474	2,798
	Others	(838)	(991)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER (CONT'D.)

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 Sir 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 Sir Dr Jeffrey Cheah Fook Ling, is a Director in several subsidiaries of Sunway Berhad Group and STSB Group. Adrian Cheah Yean Sun, the child of Tan Sri Sir 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 Sir 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 Sir Dr Jeffrey Cheah Fook Ling, have deemed interests in STSB Group and the Group. Evan Cheah Yean Shin is a Director of STSB Group.

Information regarding outstanding balances arising from transactions with parties related to the Manager as at 31 December 2023 are disclosed in Notes 17, 18, 28 and 29 to the financial statements.

34. 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) ("Chattels and Movable Items") which Metroplex alleged the Chattels and Movable Items were acquired and owned by them and were not removed when the Defendants took possession of the hotel at Sunway Putra on 27 September 2011. Metroplex has in its statement of claim alleged that the Chattels and Movable Items were worth in excess of RM80 million as at September 2011.

On 3 November 2017, the High Court allowed Metroplex's claim on liability in which the damages to be awarded to Metroplex shall be assessed ("High Court's Decision").

Subsequently, the Defendants appealed 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 20 February 2019, Metroplex filed motion for leave to appeal to the Federal Court against the Court of Appeal's Decision ("Motion"). The Motion was allowed on 25 November 2019. Subsequently, Metroplex filed notice of appeal to appeal against the Court of Appeal's Decision on 2 December 2019 ("Appeal"). The hearing for the Appeal was fixed on 31 March 2021.

On 31 March 2021, the Federal Court allowed Metroplex's appeal by setting aside the Court of Appeal's Decision, restoring the High Court's Decision and ordered the assessment of damages against the Defendants to proceed before the High Court ("Assessment"). In Metroplex's claim, Metroplex is claiming for the Chattels and Movable Items amounting to approximately RM402 million. The Defendants strenuously objected to the amount claimed as being overly excessive and have appointed subject matter experts to dispute the quantum of claim.

The trial for the said Assessment was held on 4, 5, 6, 12 and 13 January 2023. Upon conclusion of the trial, the High Court judge directed the Defendants and Metroplex to appear before the High Court for oral submission on 9 and 15 May 2023. After hearing oral submissions by both parties, the Judge then proceeded to fix the date for the decision to be delivered. At this stage, the financial impact cannot be determined pending the decision of the High Court, which has been adjourned to 30 May 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) Proposed acquisition of hypermarkets/retail complexes for cash consideration of RM520.0 million

On 16 March 2023, Sunway REIT entered into a conditional sale and purchase agreement ("SPA") with Kwasa Properties Sdn. Bhd. ("Kwasa"), a wholly-owned subsidiary of the Employees Provident Fund, to acquire six freehold hypermarkets/retail complexes that are strategically located in Klang Valley and Johor for a total cash consideration of RM520.0 million.

Approval from Economic Planning Unit of the Prime Minister's Office ("EPU") in respect of the proposed acquisition is the only condition precedent of the SPA to be fulfilled. A conditional approval was received from EPU and the Board of Directors of the Manager is reviewing the said condition for the next course of action, which will be updated in due course.

(b) Proposed acquisition of an industrial property in Prai, Penang for cash consideration of RM66.8 million

On 18 December 2023, Sunway REIT entered into a conditional sale and purchase agreement with Best Corridor Venture Sdn. Bhd., to acquire an industrial property that is strategically located in Bukit Tengah Industrial Park, Prai, Penang for a cash consideration of RM66.8 million.

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed in Q3 2024, subject to all conditions precedent being fulfilled.

(c) Proposed acquisition of a shopping mall known as "163 Retail Park" in Mont Kiara, Kuala Lumpur for cash consideration of RM215.0 million

On 26 January 2024, Sunway REIT entered into a conditional sale and purchase agreement with D'Kiara Place Sdn. Bhd., to acquire a shopping mall known as "163 Retail Park" that is strategically located in Mont Kiara, Kuala Lumpur for a cash consideration of RM215.0 million.

Barring any unforeseen circumstance, the proposed acquisition is expected to be completed in Q2 2024, subject to all conditions precedent being fulfilled.

36. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs

(a) **New MFRSs adopted during the financial year**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2023, the Group and the Fund adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2023.

Title	Effective date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i>)	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023
<i>International Tax Reform-Pillar Two Model Rules</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	Refer paragraph 98M of MFRS 112
<i>Supplier Finance Arrangements</i> (Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>)	1 January 2024 (early adopt)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

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.

Title	Effective date
<i>Lease liability in a sale and leaseback</i> (Amendments to MFRS 16 Leases)	1 January 2024
<i>Classification of Liabilities as Current or Non-current</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
<i>Non-current Liabilities with Covenants</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
<i>Lack of Exchangeability</i> (Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>)	1 January 2025
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures</i>)	Deferred

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.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with Bursa Listing Requirements and the Listed REITs Guidelines issued by Securities Commission Malaysia:

1. SANCTIONS OR PENALTIES

There was no public sanction or penalty imposed on the Manager by the relevant regulatory bodies during the financial year ended 31 December 2023.

2. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

On 29 December 2022, Sunway REIT announced a proposal to dispose Sunway Medical Centre (Tower A & B) for a cash consideration of RM430 million ("Proposed Disposal").

The Proposed Disposal was completed on 30 August 2023 with total gross proceeds received of RM430 million.

The gross proceeds from the Proposed Disposal were to be utilised for new investment(s) of Sunway REIT and to defray the expenses (including taxes) incurred in relation to the Proposed Disposal.

If no investment(s) was identified within twelve (12) months from the completion of the Proposed Disposal, the proceeds would be utilised to repay the borrowings of Sunway REIT.

As at 31 December 2023, the unutilised gross proceeds amounting to RM350 million have been placed in short-term interest-bearing bank deposits and money market instruments, and used for repayment of borrowings.

3. AUDIT AND NON-AUDIT FEES

Total audit and non-audit fees paid and payable to the external auditors and/or firm or corporation affiliated to the auditor firm, BDO, for services rendered to the Group for the financial year ended 31 December 2023 were RM176,700 and RM31,400 respectively.

4. RECURRENT RELATED PARTY TRANSACTIONS

The details of significant recurrent related party transactions are disclosed in Note 33 of the Notes to the Financial Statements.

⇒ For more information, please refer to the Audited Financial Statements section.

CORPORATE INFORMATION

MANAGER

Sunway REIT Management Sdn Bhd
(Registration No. 200801005046
(806330-X))

PRINCIPAL PLACE OF BUSINESS OF THE MANAGER

Level 15, Menara Sunway,
Jalan Lagoon Timur,
Bandar Sunway,
47500 Subang Jaya,
Selangor Darul Ehsan
Tel No: +03 5639 8889

REGISTERED OFFICE OF THE MANAGER

Level 16, Menara Sunway,
Jalan Lagoon Timur,
Bandar Sunway,
47500 Subang Jaya,
Selangor Darul Ehsan
Contact No: +03 5639 8889
Fax No: +03 5639 9507

TRUSTEE

RHB Trustees Berhad
(Registration No. 200201005356
(573019-U))
Level 10, Tower One, RHB Centre,
Jalan Tun Razak,
50400 Kuala Lumpur
Tel No: +03 9280 5933
Email: rhbt.reits@rhbgroup.com

PROPERTY MANAGER

Zerin Properties Urus Harta Sdn Bhd
(Registration No. 202001007312
(1363632-D))
Level 1, Block B,
Damansara Office Complex,
Jalan Dungun,
Damansara Heights,
50490 Kuala Lumpur
Tel No: +03 2092 2008

AUDITOR

Messrs BDO PLT
(LLP0018825-LCA & AF 0206)
Level 8, BDO @ Menara CenTARa,
360 Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur
Tel No: +03 2616 2888

BOARD OF DIRECTORS OF THE MANAGER

CHAIRMAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Amirsham Bin A Aziz

CHIEF EXECUTIVE OFFICER, NON-INDEPENDENT EXECUTIVE DIRECTOR

Clement Chen Kok Peng

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Christopher Martin Boyd

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tengku Nurul Azian Binti Tengku
Shahriman
Yeo Kar Peng

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

Sarena Cheah Yean Tih, S.M.S
Ng Sing Hwa

AUDIT COMMITTEE

Datuk Christopher Martin Boyd
(Chairman)
Tengku Nurul Azian Binti Tengku
Shahriman
Yeo Kar Peng

NOMINATION AND REMUNERATION COMMITTEE

Tengku Nurul Azian Binti Tengku
Shahriman (Chairperson)
Datuk Christopher Martin Boyd
Yeo Kar Peng

RISK MANAGEMENT COMMITTEE

Ng Sing Hwa (Chairman)
Datuk Christopher Martin Boyd
Tengku Nurul Azian Binti Tengku
Shahriman
Yeo Kar Peng

SUSTAINABILITY COMMITTEE

Yeo Kar Peng (Chairperson)
Clement Chen Kok Peng
Sarena Cheah Yean Tih, S.M.S

SUSTAINABILITY WORKING GROUP

Clement Chen Kok Peng (Chairman)
Ng Bee Lien
Chong Sau Min
Chan Hoi Choy
Alex Castaldi
Wilfred Yeo
Crystal Teh Lay Ling
Jacqueline Wong Yin Teng
(Head of Sustainability)

RISK MANAGEMENT WORKING GROUP

Clement Chen Kok Peng (Chairman)
Sarena Cheah Yean Tih, S.M.S
(Alternate: Kington Koh Keng Guan)
Ng Bee Lien
Lim Sze-Yin
Chan Hoi Choy
(Alternate: Wong Kong San)
Alex Castaldi
Goh Hai Thun
Cheng Shiau Ling (Risk Officer)

INVESTMENT APPRAISAL WORKING GROUP

Clement Chen Kok Peng (Chairman)
Sarena Cheah Yean Tih, S.M.S
(Alternate: Ryan Quek Chun Yan)
Ng Bee Lien
Adrian Cheah Yean Sun

COMPANY SECRETARIES OF THE MANAGER

Tan Kim Aun (MAICSA 7002988)
(SSM PC No. 202008001249)
Lee Chun Shian (MAICSA 7064123)
(SSM PC No. 202108000401)

COMPLIANCE OFFICER OF THE MANAGER

Lim Sze-Yin

ANTI-BRIBERY AND CORRUPTION OFFICER OF THE MANAGER

Kington Koh Keng Guan

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: SUNREIT
Stock Code: 5176

INVESTOR RELATIONS

Crystal Teh Lay Ling
Tel No: +03 5639 9645
Email: irsunreit@sunway.com.my

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970
(11324-H))
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel No: +03 2783 9299
Fax No: +03 2783 9222

WEBSITE

www.sunwayreit.com

ANALYSIS OF UNITHOLDINGS

AS AT 19 JANUARY 2024

Total number of units issued : 3,424,807,700 units

Voting rights : One vote per unit

Number of unitholders : 31,558

DISTRIBUTION OF UNITHOLDINGS

Unitholdings	No. of Unitholders	%	No. of Units Held	%
Less than 100	91	0.29	1,851	0
100 – 1,000	8,146	25.81	5,151,028	0.15
1,001 – 10,000	16,910	53.58	76,325,937	2.23
10,001 – 100,000	5,712	18.1	166,113,426	4.85
100,001 to less than 5% of the total number of units issued	693	2.2	1,500,011,855	43.80
5% and above of the total number of units issued	6	0.02	1,677,203,603	48.97
	31,558	100.00	3,424,807,700	100.00

THIRTY LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name of Unitholders	No. of Units Held	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	442,475,938	12.92
2.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sunway REIT Holdings Sdn Bhd (PJCAC)	362,000,000	10.57
3.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account-Sumitomo Mitsui Banking Corporation Malaysia Berhad for Sunway REIT Holdings Sdn Bhd	233,000,000	6.80
4.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T10	208,590,000	6.09
5.	Kumpulan Wang Persaraan (Diperbadankan)	175,532,900	5.13
6.	Sunway REIT Holdings Sdn Bhd	171,104,765	5.00
7.	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	151,140,200	4.41
8.	Sunway Education Group Sdn Bhd	123,412,100	3.60
9.	RHB Nominees (Tempatan) Sdn Bhd - Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd	108,100,000	3.16
10.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T16	98,000,000	2.86

ANALYSIS OF UNITHOLDINGS

AS AT 19 JANUARY 2024

THIRTY LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D.)

No.	Name of Unitholders	No. of Units Held	%
11.	Sunway REIT Holdings Sdn Bhd	84,500,000	2.47
12.	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	67,013,700	1.96
13.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T20	60,000,000	1.75
14.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AHAM AM)	52,144,600	1.52
15.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T11	45,000,000	1.31
16.	Permodalan Nasional Berhad	32,370,500	0.95
17.	Amanahraya Trustees Berhad - Amanah Saham Malaysia	30,000,000	0.88
18.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T22	30,000,000	0.88
19.	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT OD67)	28,610,200	0.84
20.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd	25,875,000	0.76
21.	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 19)	23,490,133	0.69
22.	Amanahraya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	22,000,000	0.64
23.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	20,969,000	0.61
24.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd For Zurich Life Insurance Malaysia Berhad (NP-Other-REITs)	19,712,500	0.58
25.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (F Templeton)	18,343,400	0.54
26.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for SMAM Asia REIT Sub Trust	15,893,400	0.46
27.	Cartaban Nominees (Tempatan) Sdn Bhd – Prudential Assurance Malaysia Berhad For Prulink Strategic Fund	15,754,700	0.46
28.	Citigroup Nominees (Asing) Sdn Bhd - CBNY For DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	14,885,200	0.43
29.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (CIMB Prin)	14,284,500	0.42
30.	Amanahraya Trustees Berhad – Public Dividend Select Fund	13,734,200	0.40

ANALYSIS OF UNITHOLDINGS

AS AT 19 JANUARY 2024

SUBSTANTIAL UNITHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL UNITHOLDERS AS AT 19 JANUARY 2024

Name of Unitholder	Direct		Indirect	
	No. of Units Held	%	No. of Units Held	%
Sunway REIT Holdings Sdn Bhd	1,400,294,765	40.89	-	-
Employees Provident Fund Board	535,632,015	15.64	-	-
Kumpulan Wang Persaraan (Diperbadankan)	176,380,900	5.15	25,651,500	0.75
Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO	-	-	1,400,294,765 ⁽¹⁾	40.89
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	1,400,294,765 ⁽²⁾	40.89
Sarena Cheah Yean Tih, S.M.S.	-	-	1,400,297,765 ⁽³⁾	40.89
Evan Cheah Yean Shin	-	-	1,400,294,765 ⁽¹⁾	40.89
Adrian Cheah Yean Sun	-	-	1,400,294,765 ⁽¹⁾	40.89
Active Equity Sdn Bhd	-	-	1,400,294,765 ⁽⁴⁾	40.89
Sungei Way Corporation Sdn Bhd	-	-	1,400,294,765 ⁽⁵⁾	40.89
Sunway Berhad	-	-	1,400,294,765 ⁽⁶⁾	40.89
Sunway City Sdn Bhd	-	-	1,400,294,765 ⁽⁷⁾	40.89

Notes:

- ⁽¹⁾ 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.
- ⁽²⁾ Deemed interest held through spouse.
- ⁽³⁾ 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.
- ⁽⁴⁾ 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 and Sunway REIT Holdings Sdn Bhd.
- ⁽⁵⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway Berhad, 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 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 REIT Holdings Sdn Bhd.

UNITHOLDING OF DIRECTOR

Name of Unitholder	Direct		Indirect	
	No. of Units Held	%	No. of Units Held	%
Sarena Cheah Yean Tih	-	-	1,400,297,765 ^(a)	40.89

Notes:

- ^(a) 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

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting ("**11th AGM**") of Sunway Real Estate Investment Trust ("**Sunway REIT**") will be held virtually through livestreaming and online remote voting from the broadcast venue at the Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia ("**Broadcast Venue**") on Thursday, 25 April 2024 at 3:00 p.m., or at any adjournment thereof, to consider and, if thought fit, to pass the following resolutions with or without any modifications:

AS ORDINARY BUSINESS:

1. To receive the Integrated Annual Report 2023 comprising the Audited Financial Statements for the financial year ended 31 December 2023 of Sunway REIT together with the Reports of Manager, Trustee and Auditors thereon.

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following as Ordinary Resolutions:

2. **Proposed Authority to Allot and Issue 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, being the manager of Sunway REIT ("**Manager**") and RHB Trustees Berhad ("**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 ("**Board**") to allot and issue units in Sunway REIT ("**New Units**") at any time at such price to any such persons and upon such terms and conditions as the Board may in its 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 allotment and issuance, 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 allotment and issuance of such New Units;

THAT authority be and is hereby given to the Board 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 regulatory authorities;

AND THAT the Board 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."

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

3. **Proposed Renewal of Existing Unitholders' Mandate and Proposed New 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**" or "**RRPT**") as set out in Section 2.3 of the Circular to Unitholders dated 29 February 2024, subject to the following ("**Proposed RRPT 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 Proposed RRPT Mandate shall only continue to be in force until:
 - i. the conclusion of the next AGM of Sunway REIT at which time this Proposed RRPT Mandate will lapse, unless by a resolution passed at the next AGM, the unitholders' 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 RRPT 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 Board and the Trustee 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 regulatory 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 of Sunway REIT ("**DRS**") approved at the AGM held on 2 October 2020, and subject to the approvals of the relevant regulatory authorities being obtained, authority be and is hereby given to the Board to allot and issue New Units ("**DRS New Units**") from time to time as may be required to be allotted and issued pursuant to the DRS until the conclusion of the next AGM of Sunway REIT, upon the terms and conditions and to such persons as the Board may, in its absolute discretion, deem fit or expedient and in the best interest of Sunway REIT ("**Issuance of 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 ("**DRS Price-Fixing Date**"), shall be at an issue price of not more than a 10% discount to the 5-day volume weighted average market price of Sunway REIT before the DRS Price-Fixing Date ("**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 assent 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 regulatory authorities."

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

By Order of the Board of

SUNWAY REIT MANAGEMENT SDN BHD

(Registration No: 200801005046 (806330-X))

(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

29 February 2024

Notes:

1. The 11th AGM will be conducted virtually through livestreaming and online remote voting using Digital Ballot Form provided by the appointed Poll Administrator for the 11th AGM, Mega Corporate Services Sdn Bhd ("**Mega**"). The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the chairperson to be present at the main venue of the meeting. **No unitholders/proxies** from the public will be physically present at the Broadcast Venue. Unitholders who wish to participate in the 11th AGM will therefore have to register via the link <https://vps.megacorp.com.my/tTuY9W>. Kindly refer to the Administrative Notes for 11th AGM for further information.
2. For the purpose of determining a unitholder who shall be entitled to participate and vote remotely at the 11th AGM, Sunway REIT shall be requesting the Record of Depositors as at 18 April 2024. Only a depositor whose name appears on the Record of Depositors as at 18 April 2024 shall be entitled to participate in the 11th AGM 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 authorised 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 exempt authorised 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 exempt authorised nominee may appoint in respect of each Omnibus Account it holds with units standing to the credit of the said Omnibus 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 proportions 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 11th AGM and subsequently he/she participates in the 11th AGM, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to participate in the 11th 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 instrument appointing a proxy and/or representative ("**Proxy Form**") and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited to Mega at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or submitted via email to AGM-support.SunwayREIT@megacorp.com.my not later than Wednesday, 24 April 2024 at 3:00 p.m., being 24 hours before the date and time appointed for holding the 11th AGM or any adjournment thereof. You also have the option to register directly at <https://vps.megacorp.com.my/tTuY9W> to submit the proxy appointment electronically not later than Wednesday, 24 April 2024 at 3:00 p.m. For further information on the submission of proxy appointment electronically, kindly refer to the Administrative Notes for 11th AGM.
10. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly. If no name is inserted in the space for the name of your proxy, the Chairman of the 11th AGM will act as your proxy.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

Integrated Annual Report 2023 comprising the Audited Financial Statements for the financial year ended 31 December 2023 of Sunway REIT together with the Reports of Manager, Trustee and Auditors thereon

11. The Integrated Annual Report 2023 comprising the Audited Financial Statements under Agenda 1 is laid before the unitholders for discussion only and does not require a formal approval of the unitholders pursuant to Paragraph 13.18(b) of the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia.

EXPLANATORY NOTES ON SPECIAL BUSINESSES

12. Ordinary Resolution 1 - Proposed Authority

The proposed Ordinary Resolution 1, if passed, will give a mandate to the Board to allot and issue New Units 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 comprising 3,424,807,700 units. The Proposed Authority, unless revoked or varied by at 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 issue any units under the mandate which was approved at the 10th AGM held on 27 April 2023 and which will lapse at the conclusion of the 11th AGM.

With this Proposed Authority, Sunway REIT will have the flexibility to allot and issue New Units to raise funds to finance future investments, acquisitions and capital expenditure project(s) 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.

13. Ordinary Resolution 2 - Proposed RRPT Mandate

The interested Director as indicated in Section 7 of the Circular to Unitholders dated 29 February 2024 and her Persons Connected will abstain from voting on Ordinary Resolution 2.

The details on the Proposed RRPT Mandate are set out in the Circular to Unitholders dated 29 February 2024, which is available on Sunway REIT's website at <https://www.sunwayreit.com/investor-relations/annual-general-meetings>.

14. Ordinary Resolution 3 - Proposed Renewal of DRS Authority

The proposed Ordinary Resolution 3, if passed, will give authority to the Board to allot and issue DRS New Units in respect of income distribution to be declared, if any, under the DRS, until the conclusion of the next AGM of Sunway REIT.

PERSONAL DATA PRIVACY

15. By lodging of a completed Proxy Form to the Manager of Sunway REIT for appointing a proxy(ies) and/or representative(s) to participate and vote remotely at the 11th AGM and any adjournment thereof, a unitholder is hereby:
- consenting to the collection, use and disclosure of the unitholder'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 11th AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 11th 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**");
 - 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes ("**Warranty**"); and
 - 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.

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SUNWAY REAL ESTATE INVESTMENT TRUST

(Established in Malaysia under a 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 Sunway REIT Management Sdn Bhd and RHB Trustees Berhad, both companies incorporated in Malaysia)

PROXY FORM

11TH ANNUAL GENERAL MEETING

Number of units held	
CDS Account No.	

SUNWAY REIT MANAGEMENT SDN BHD

Registration No. 200801005046 (806330-X)

Manager for Sunway Real Estate Investment Trust

Registered Office:

Level 16, Menara Sunway, Jalan Lagoon Timur

Bandar Sunway, 47500 Subang Jaya

Selangor Darul Ehsan, Malaysia

Tel No: +6(03) 5639 8889

Fax No: +6(03) 5639 9507

*I/We *NRIC/Passport/Registration No.*
(Full name in block)

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:

1ST PROXY 'A'

Full Name (in Block)	NRIC/Passport No.	Proportion of unitholdings	
		No. of Units	%
Address			
Email Address			
Mobile Phone No.			

and/or failing *him/her,

2ND PROXY 'B'

Full Name (in Block)	NRIC/Passport No.	Proportion of unitholdings	
		No. of Units	%
Address			
Email Address			
Mobile Phone No.			

and/or failing *him/her, the Chairman of the Eleventh Annual General Meeting of Sunway REIT ("**11th AGM**") as *my/our proxy/proxies to participate and vote remotely for *me/us and on *my/our behalf at the 11th AGM to be held virtually through livestreaming and online remote voting from the broadcast venue at the Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia ("**Broadcast Venue**") on Thursday, 25 April 2024 at 3:00 p.m. or at any adjournment thereof.

*My/our proxy/proxies shall vote as follows:

Please indicate with an "X" in the appropriate spaces how you wish your votes to be casted. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/her/their discretion.

ORDINARY RESOLUTION		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
1.	Proposed Authority to Allot and Issue New Units of up to 20% of the Total Number of Issued Units of Sunway REIT				
2.	Proposed Renewal of Existing Unitholders' Mandate and Proposed New 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				

Dated this day of 2024

Signature of Unitholder(s) / Common Seal

1. The 11th AGM will be held **virtually** through live streaming and online remote voting using the Digital Ballot Form provided by the appointed Poll Administrator for the 11th AGM, Mega Corporate Services Sdn Bhd ("**Mega**"). The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the chairperson to be present at the main venue of the meeting. **No Unitholders/proxies** from the public will be physically present at the Broadcast Venue. Unitholders who wish to participate in the 11th AGM will therefore have to register via the link <https://vps.megacorp.com.my/tTuY9W>. Kindly refer to the Administrative Notes for further information.
2. For the purpose of determining a unitholder who shall be entitled to participate and vote remotely at the 11th AGM, Sunway REIT shall be requesting the Record of Depositors as at 18 April 2024. Only a depositor whose name appears on the Record of Depositors as at 18 April 2024 shall be entitled to participate in the 11th AGM 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 authorised 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 exempt authorised 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 exempt authorised nominee may appoint in respect of each Omnibus Account it holds with units standing to the credit of the said Omnibus Account.
6. Where a Unitholder or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointments shall be invalid unless he/she or it specifies the proportions 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 11th AGM and subsequently he/she participates in the 11th AGM, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to participate in the 11th 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 instrument appointing a proxy and/or representative ("**Proxy Form**") and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited to Mega at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or submitted via email to AGM-support.SunwayREIT@megacorp.com.my not later than Wednesday, 24 April 2024 at 3:00 p.m., being 24 hours before the date and time appointed for holding the 11th AGM or any adjournment thereof. You also have the option to register directly at <https://vps.megacorp.com.my/tTuY9W> to submit the proxy appointment electronically not later than Wednesday, 24 April 2024 at 3:00 p.m.. For further information on the submission of proxy appointment electronically, kindly refer to the Administrative Notes for 11th AGM.
10. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly. If no name is inserted in the space for the name of your proxy, the Chairman of the 11th AGM will act as your proxy.

Personal Data Privacy

By lodging of a completed Proxy Form to the Manager of Sunway REIT for appointing a proxy(ies) and/or representative(s) to participate and vote remotely at the 11th AGM and any adjournment thereof, a unitholder is hereby:

- i. consenting to the collection, use and disclosure of the unitholder'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 11th AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 11th 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes ("**Warranty**"); and
- 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.

PLEASE FOLD HERE

AFFIX
STAMP

Poll Administrator
SUNWAY REAL ESTATE INVESTMENT TRUST
 c/o Mega Corporate Services Sdn Bhd
 Level 15-2, Bangunan Faber Imperial Court
 Jalan Sultan Ismail
 50250 Kuala Lumpur, Wilayah Persekutuan
 Malaysia

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SUNWAY[®]

REIT

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