

SUNWAY[®]

REIT



FINANCIAL RESULTS

4th Quarter ended 31 December 2023

(FYE 31 December 2023)

Date: 30 January 2024



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FINANCIAL HIGHLIGHTS (Q4 2023)



Distribution Per Unit (“DPU”)

DPU (sen)



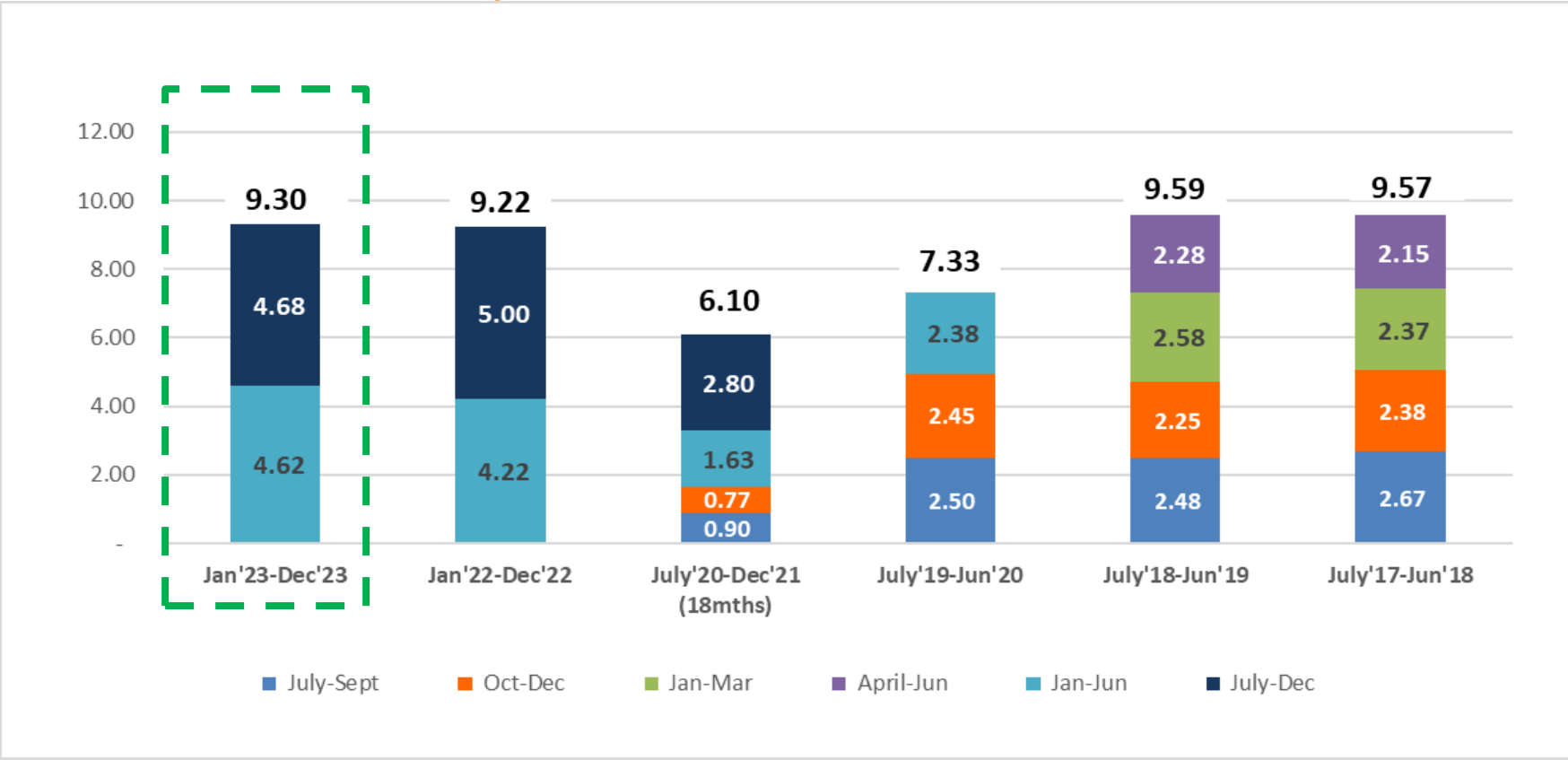
FY 2023 DPU
0.9% y-o-y

Details of Income Distribution

Distribution Period	1 July 2023 - 31 December 2023
Distribution Per Unit (DPU) (sen)	4.68
Notice of Entitlement	30 January 2024
Ex-Dividend Date	15 February 2024
Book Closure Date	16 February 2024
Payment Date	29 February 2024

- DPU for 2H2023 was lower by 0.32 sen mainly due to:-
- lower NPI attributed to the cessation of recognition of rental from SMC (Tower A & B) upon completion of its disposal on 30 August 2023;
 - operating expenses were higher compared to 2H2022 due to lower reversal of doubtful debts provision in 2H2023 and an increase in finance costs resulting from 125bps hike since 2022; partially mitigated by
 - higher revenue from the retail segment and increased rental income from the hotel segment.

6-Years DPU



5-Year DPU CAGR
0.11%
 (Based on CY 2018 DPU of 9.25 sen)

Distribution Yield
6.0%
 (Based on unit price of RM1.54 as at 29 Dec 2023)

Financial Highlights – Q4 2023

Highlights	Q4 2023	Q4 2022
No. of Properties	19	20
Property Value (RM'billion)	8.972	9.101 [@]
Units in Circulation (Units)	3,424,807,700	3,424,807,700
Unit Price as at 31 Dec 2023/2022 (RM)	1.54	1.46
Market Capitalisation (RM'billion)	5.274	5.000
Net Asset Value ("NAV") Per Unit (RM) (after income distribution)	1.4646 [#]	1.4649 [#]
Premium to NAV	5.1%	-0.3%
Distribution Yield	6.0% [^]	6.3%
Management Expense Ratio (after income distribution)	0.90%	0.88%
Total Return	11.5%	9.8%
Gearing	38.1%	37.6%
% of Fixed Rate Borrowings	34%	31%

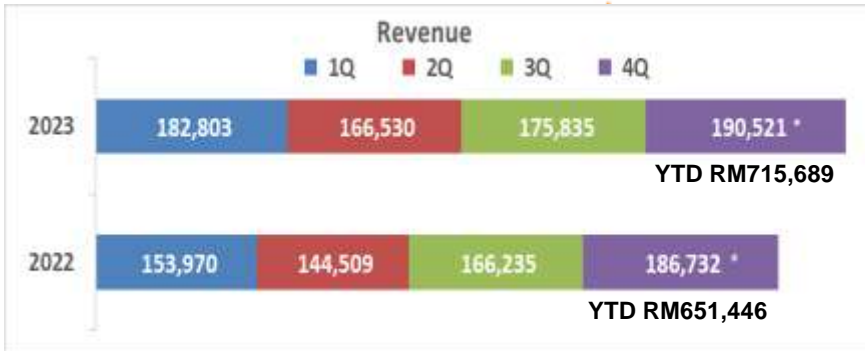
[@] Including RM430 million in Non-Current Asset Held For Sale on the proposed disposal of Sunway Medical Centre (Tower A & B) announced on 29 December 2022 and its disposal was completed on 30 August 2023.

[#] After proposed final income distribution of 4.68 sen per unit for 2H2023 (2H2022: Final income distribution of 5.00 sen per unit).

[^] This is derived from DPU of 9.30 sen per unit.

Financial Highlights Q4 2023 vs Q4 2022 (QTD & YTD)

Reported in RM'000



Q4 YoY
Variance

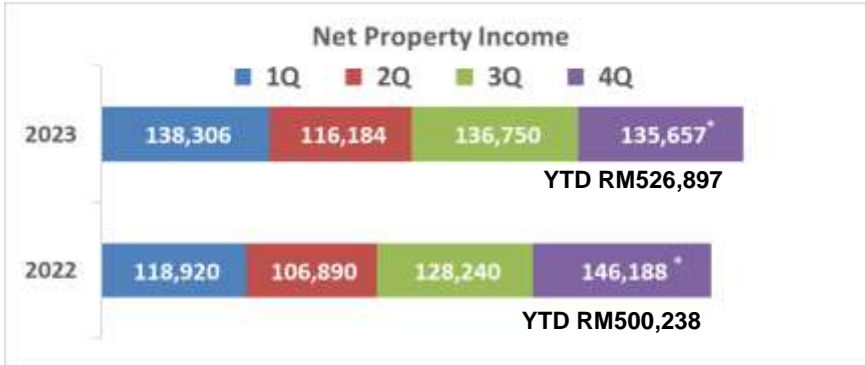
↑ 2.0% or
RM3.8m

YTD
Variance

↑ 9.9%
RM64.2m

Q4 2023 vs Q4 2022

The higher **Revenue** was contributed by the retail segment which was supported by robust footfall and tenants sales as well as the hotel segment with higher tourist arrivals despite the absence of Sunway Medical Centre (Tower A&B) rental after completion of its disposal on 30 August 2023.

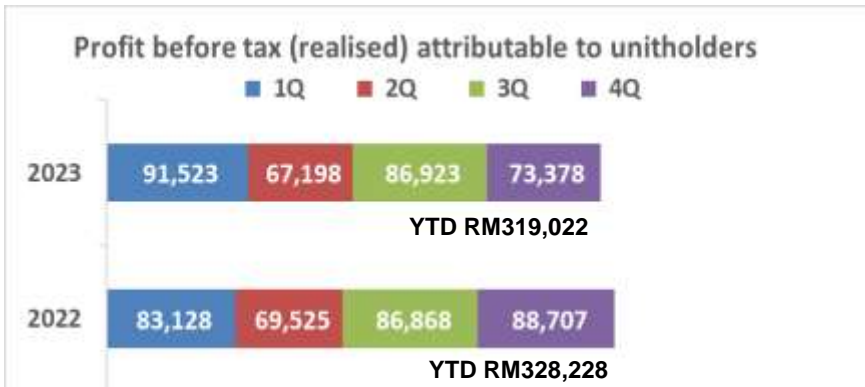


↓ 7.2% or
RM10.5m

↑ 5.3%
RM26.7m

Q4 2023 vs Q4 2022

Despite an increase in revenue, the lower **NPI** was mainly resulting from higher reversal of doubtful debt provision in Q4 2022 and the impact of increase in ICPT charges for all segments.



↓ 17.3% or
RM15.3m

↓ 2.8%
RM9.2m

Q4 2023 vs Q4 2022

In line with lower NPI, **Profit before tax (realised) attributable to unitholders** decreased, coupled with the impact of higher interest cost (FY 2023: 3.80% vs FY 2022: 2.98%)

* Including unbilled lease rental income receivable of RM11.1 million (YTD 2023) and RM12.0 million (YTD 2022) which was recognised on a straight-line basis over the lease period pursuant to MFRS 16 Leases.

FINANCIAL RESULTS (Q4 2023)



Statement of Comprehensive Income – Consolidated

	Q4 2023 RM'000	Q4 2022 RM'000	Change %	YTD 2023 RM'000	YTD 2022 RM'000	Change %
Revenue	190,521 *	186,732*	2.0%	715,689	651,446	9.9%
Property operating expenses	(54,864)	(40,544)	35.3%	(188,792)	(151,208)	24.9%
Net property income	135,657	146,188	-7.2%	526,897	500,238	5.3%
Interest income	5,053 ¹	1,232	>100%	9,894 ¹	4,755	>100%
Other income	64	29	>100%	397	100	>100%
Changes in fair value of IP	(10,636) *	(43,254) *	-75.4%	(10,636)	(24,986)	-57.4%
Manager's fees	(11,107)	(11,089)	0.2%	(43,934) ²	(42,388)	3.6%
Trustee's fees	(186)	(189)	-1.6%	(770)	(770)	0.0%
Other trust expenses	(1,349)	(2,497)	-46.0%	(3,343)	(4,024)	-16.9%
Finance costs	(38,561) ³	(30,281)	27.3%	(138,949)	(100,050)	38.9%
Profit before tax	78,935	60,139	31.3%	339,556	332,875	2.0%
Tax expenses	(1,365) ⁴	(9,317)	-85.3%	(1,365)	(9,317)	-85.3%
Profit for the period/year	77,570	50,822	52.6%	338,191	323,558	4.5%
Profit for the period/year comprises the following:						
Realised						
- Unitholders	73,378	88,707	-17.3%	319,022	328,228	-2.8%
- Perpetual note holders	5,013	5,014	0.0%	19,889	19,890	0.0%
Unrealised	(821) ⁵	(42,899)	-98.1%	(720)	(24,560)	-97.1%
	77,570	50,822	52.6%	338,191	323,558	4.5%
Units in circulation (million units)	3,425	3,425	0.0%	3,425	3,425	0.0%
Basic earnings/unit to unitholders (sen):						
Realised	2.14	2.58	-17.1%	9.32	9.58	-2.7%
Unrealised	(0.02)	(1.25)	-98.4%	(0.02)	(0.72)	-97.2%
	2.12	1.33	59.4%	9.30	8.86	5.0%
Distributable income	73,378	88,707	-17.3%	319,022	328,228	-2.8%
Proposed/declared income distribution	160,281	171,240	-6.4%	318,507	315,767	0.9%
Distributable income per unit (sen)	2.14 ⁶	2.58	-17.1%	9.32	9.58	-2.7%
Proposed/declared DPU (sen)	4.68 ⁷	5.00	-6.4%	9.30	9.22	0.9%

* Including unbilled lease rental income receivable of RM11.1 million (YTD 2023) and RM12.0 million (YTD 2022) which was recognised on a straight-line basis over the lease period pursuant to MFRS 16 Leases.

Statement of Comprehensive Income – Consolidated (cont'd)

1. **Interest income** for Q4 2023 was higher compared to Q4 2022 resulting from higher cash balance and higher placement rate (3.80% vs 2.97%) with 100bps OPR hike in FY 2022 and 25bps in May 2023.
2. **Manager's fees** was higher in YTD Q4 2023 compared to YTD Q4 2022 as result of higher NPI for the year.
3. **Finance costs** for Q4 2023 was higher compared to Q4 2022 mainly due to higher average interest rate (3.92% vs 3.46%) and full impact of 125bps OPR hike since 2022.
4. **Tax expenses** in Q4 2023 represents of deferred tax expenses on unrealised fair value gain of freehold land component within the investment properties which is expected to be recovered through sale, and fair value adjustment from the annual revaluation of the investment properties. In addition, taxation in Q4 2022 includes deferred tax liability accrued in relation to the disposal of SMC (Tower A & B) which has been completed on 30 August 2023.
5. **Unrealised loss for Q4 2023** was largely in relation to the deferred tax liability as mentioned in note 4 above, partially offset by fair value gain on investment properties of RM0.5 million.
6. **Distributable income per unit** represents realised income attributable to unitholders and distribution adjustments, if any.
7. **Proposed/declared DPU** was 4.68 sen for 2H2023.

Statement of Financial Position – Consolidated

	31 Dec 2023 (Unaudited) RM'000	31 Dec 2022 (Audited) RM'000
Assets		
Non-current assets		
Investment properties	8,912,360 ¹	8,622,501
Investment properties - accrued lease income	59,640 ²	48,499
Plant and equipment	17,399	15,781
Right-of-use asset	720 ³	795
	<u>8,990,119</u>	<u>8,687,576</u>
Current assets		
Trade receivables	19,384 ⁴	25,156
Other receivables	88,799 ⁵	19,401
Derivatives	15,016 ⁶	-
Cash and bank balances	425,305 ⁷	251,238
	<u>548,504</u>	<u>295,795</u>
Non-current asset held for sale	-	430,000
Total assets	9,538,623	9,413,371
Equity and liabilities		
Equity		
Unitholders' capital	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	339,717	339,717
Total equity	5,516,079	5,527,978
Non-current liabilities		
Borrowings	2,000,000	1,900,000
Long term liabilities	101,697	84,964
Deferred tax liability	12,991	11,631
Lease liability	773 ³	822
	<u>2,115,461</u>	<u>1,997,417</u>
Current liabilities		
Borrowings	1,636,985	1,636,777
Trade payables	1,498	16,746
Other payables	268,552 ⁸	218,027
Derivatives	-	5,610
Deferred tax liability	-	10,777
Lease liability	48 ³	39
	<u>1,907,083</u>	<u>1,887,976</u>
Total liabilities	4,022,544	3,885,393
Total equity and liabilities	9,538,623	9,413,371

	31 Dec 2023 (Unaudited) RM'000	31 Dec 2022 (Audited) RM'000
Number of units in circulation ('000)	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	1.5114	1.5149
After income distribution *	1.4646	1.4649

* After proposed final income distribution of 4.68 sen per unit for 2H2023 (2H2022: Final income distribution of 5.00 sen per unit).

- Investment properties** increased by RM289.9 million mainly from Sunway Resort Hotel refurbishment and on-going finalisation of accounts for Sunway Carnival Mall expansion as well as Sunway Carnival Mall existing wing refurbishment.
- Investment properties – accrued lease income** is in relation to unbilled lease income receivable (MFRS 16).
- Right-of-use asset and Lease liability** is for a 12-year land lease from State Government of Penang for carpark purposes (MFRS 16).
- Trade receivables** was lower by RM5.8 million mainly due to improved collection from tenants and lessees.
- Other receivables** was higher mainly due to earnest deposit paid for a few proposed acquisitions.
- Derivatives** of RM15.0 million was in relation to 1-year USD-MYR CCS contract for the revolving loan.
- The increase in **cash and bank balances** was mainly due to net proceeds received from the disposal of SMC (Tower A & B) reserved for the balance payment for the proposed acquisition of 6 hypermarkets.
- Other payables** was higher mainly due to the accrual of balance payable upon completion of asset enhancement activities.

Statement of Cash Flows – Consolidated

	Cumulative Quarter ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	727,248	647,586
Refundable security deposits from customers	1,932	5,647
Cash paid for operating expenses	(283,562)	(218,246)
Net cash from operating activities ¹	445,618	434,987
Cash flows from investing activities		
Acquisition of plant and equipment	(5,573)	(6,941)
Deposit for acquisition of investment properties	(56,503)	(16,405)
Deposit received for disposal of investment property	-	30,100
Balance payment for acquisition of investment properties	-	(84,735)
Balance proceeds from disposal of investment property	399,900	-
Incidental costs on acquisition of investment properties	-	(3,316)
Incidental costs on disposal of investment property	(12,925)	-
Subsequent expenditure of investment properties	(200,070)	(238,791)
Investment in short term money market instrument	-	(407,000)
Redemption of short term money market instrument	-	457,000
Interest received	10,543	4,596
Net cash from/(used in) investing activities ²	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
Drawdown of revolving loan	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)
Repayment of revolving loan	(320,000)	-
Interest paid	(136,572)	(96,038)
Distribution paid to unitholders	(329,466)	(240,422)
Distribution paid to perpetual note holders	(19,836)	(19,999)
Net cash used in financing activities ³	(406,923)	(208,800)
Net increase/(decrease) in cash and cash equivalents	174,067	(39,305)
Cash and cash equivalents at beginning of year	251,238	290,543
Cash and cash equivalents at end of year	425,305	251,238
Cash and bank balances	425,305	251,238
Deposits with licensed financial institutions with maturity of over 3 months	-	-
Cash and cash equivalents	425,305	251,238
Cash and bank balances at end of period comprise:		
Cash on hand and at banks	20,305	29,238
Deposits placed with licensed financial institutions	405,000	222,000
Cash and bank balances ⁴	425,305	251,238

1 Net cash from operating activities for Q4 2023 of RM445.6 million mainly comprise of cash receipt from lessees and tenants, partially offset by cash paid for operating expenses.

2 Net cash from investing activities for Q4 2023 of RM135.4 million was mainly from the receipt of balance proceeds from the disposal of SMC (Tower A & B), partially offset by the earnest deposit paid for the proposed acquisition of 6 hypermarkets and progress payments for the refurbishment works at Sunway Resort Hotel and Sunway Carnival Mall expansion.

3 Net cash used in financing activities for Q4 2023 of RM406.9 million was mainly resulting from income distribution paid to unitholders of RM329.5 million and interest paid of RM136.6 million, partially offset by net drawdown of RM78.9 million to fund the capital expenditures as mentioned in Note 2 above.

4 Cash and bank balances as at 31 December 2023 and 31 December 2022 stood at RM425.3 million and RM251.2 million respectively. The higher cash and bank balances was mainly resulting from higher net cash from operating activities, net cash from investing activities, partially offset by higher net cash used in financing activities as mentioned above.

Financing Profile as at 31 December 2023

	Facility Limit RM'mil	Utilised Amount RM'mil
Revolving loan (USD)	USD 75 ¹	347.3
Commercial Paper	3,000.0	90.0
Unrated MTNs		900.0
Unrated MTNs	10,000.0 ²	300.0
Total Current		1,637.3
Revolving Loan (RM)	2,000.0 ³	2,000.0
Total Non Current		2,000.0
Amortization of CP expenses		(0.1)
Discount on CP issuance		(0.2)
Total Gross Borrowings		3,637.0

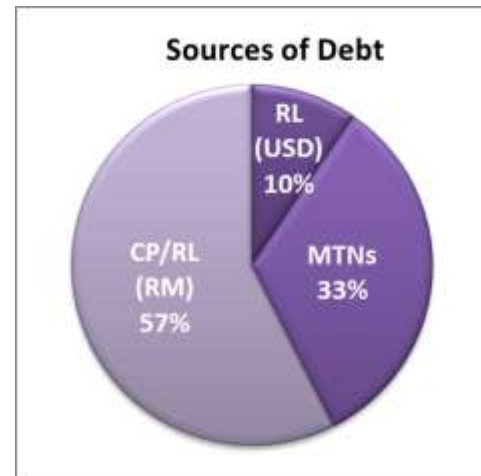
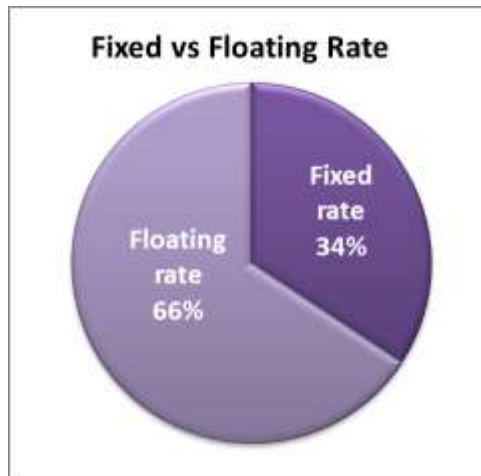
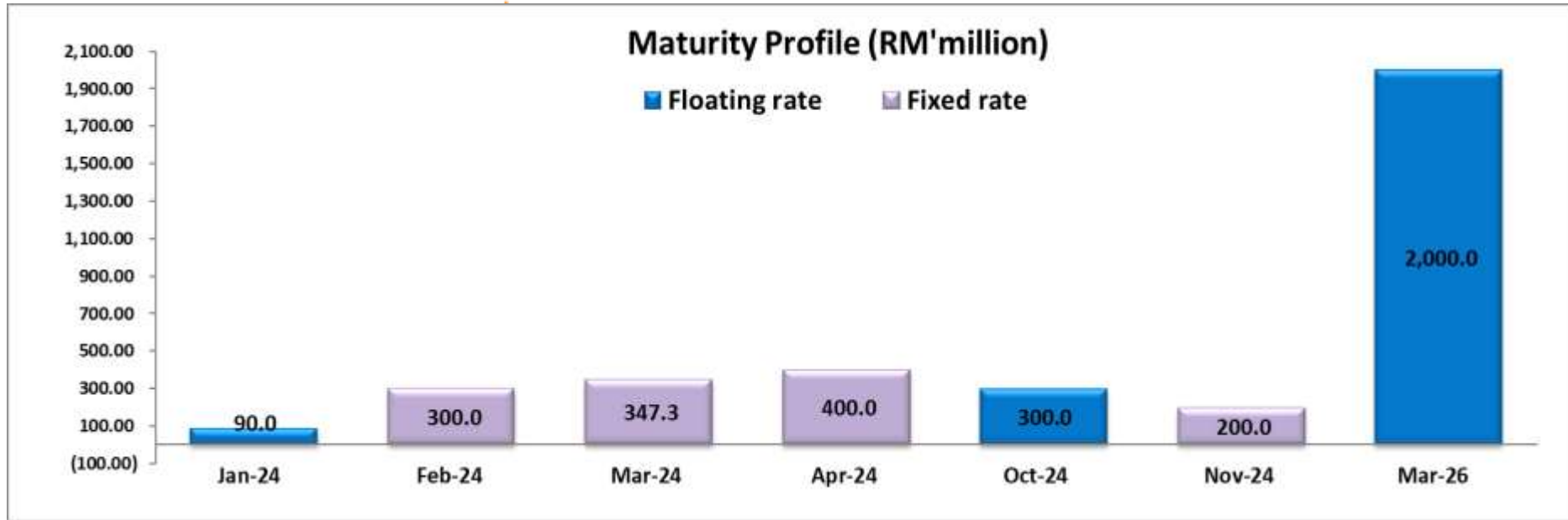
	Financial Covenants	31 December 2023
Average cost of debt		3.80%
Average maturity period (Years)		1.3
Interest Service Cover Ratio (ISCR)	min 1.5 X	3.5 X
Gearing ratio (SC Guidelines)	below 50%	38.1%

¹ Amount outstanding for revolving loan (drawn in USD75.0 million) facility includes unrealised foreign currency translation loss of RM15.8 million. The loan is fully hedged with 1-year cross currency swap contract until 11 March 2024.

² Commitment from financial institution to subscribe to unrated MTNs of up to RM1.5 billion for a period of not more than 5 years with maturity date of any subscription shall not be later than 8 April 2028.

³ The revolving loan is classified as non-current based on the tenor/repayment terms of 7 years due in March 2026.





Financing Profile as at 31 December 2023 (Cont'd)



SEGMENTAL FINANCIAL RESULTS (Q4 2023)



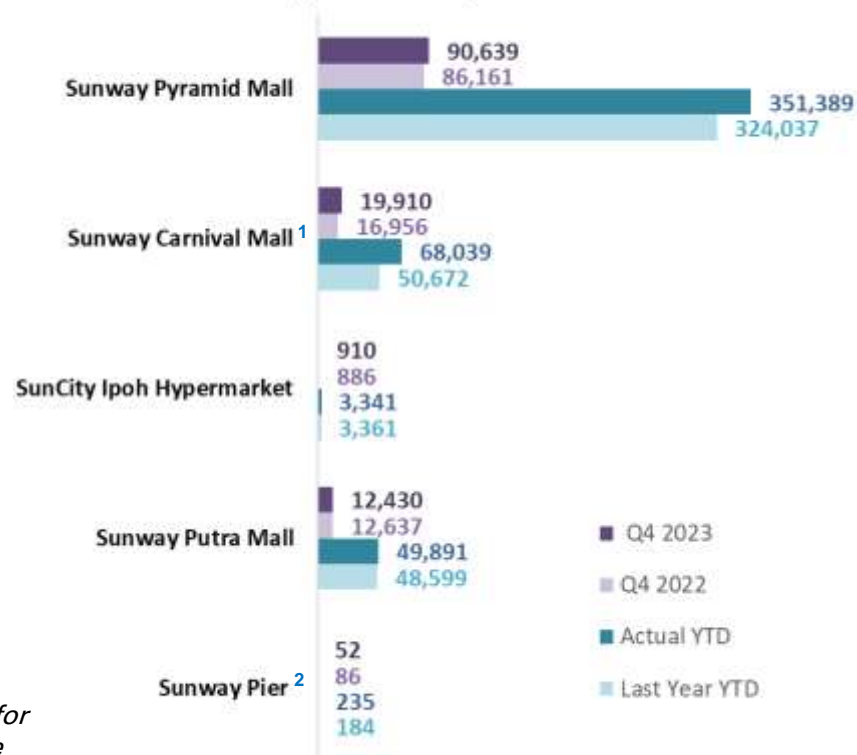
Retail Segment : Q4 2023

Retail Revenue		Retail NPI	
	RM 123.9 million vs RM 116.7 million		RM 79.6 million vs RM 84.7 million
	(Q4 2023) (Q4 2022)		(Q4 2023) (Q4 2022)
	RM 472.9 million vs RM 426.9 million		RM 320.8 million vs RM 307.1 million
	(YTD Q4 2023) (YTD Q4 2022)		(YTD Q4 2023) (YTD Q4 2022)

The revenue of the retail segment for Q4 2023 was higher by RM7.2 million or 6% compared to Q4 2022 contributed by the improved performance across all retail properties, primarily contributed by the better performance in Sunway Carnival Mall by 17%.

NPI was lower in Q4 2023 compared to Q4 2022 due to a higher reversal of doubtful debt of RM7 million in Q4 2022 compared to RM1 million in Q4 2023 and generally higher running cost in the current quarter.




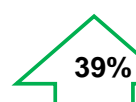
Retail Turnover (in RM'000)



¹ New wing of Sunway Carnival Mall was opened on 24 June 2022

² Acquired on 17 January 2022 and it is currently in the planning stage for the redevelopment into a retail-centric tourist attraction. At present, the property is collecting minimal carpark rental.

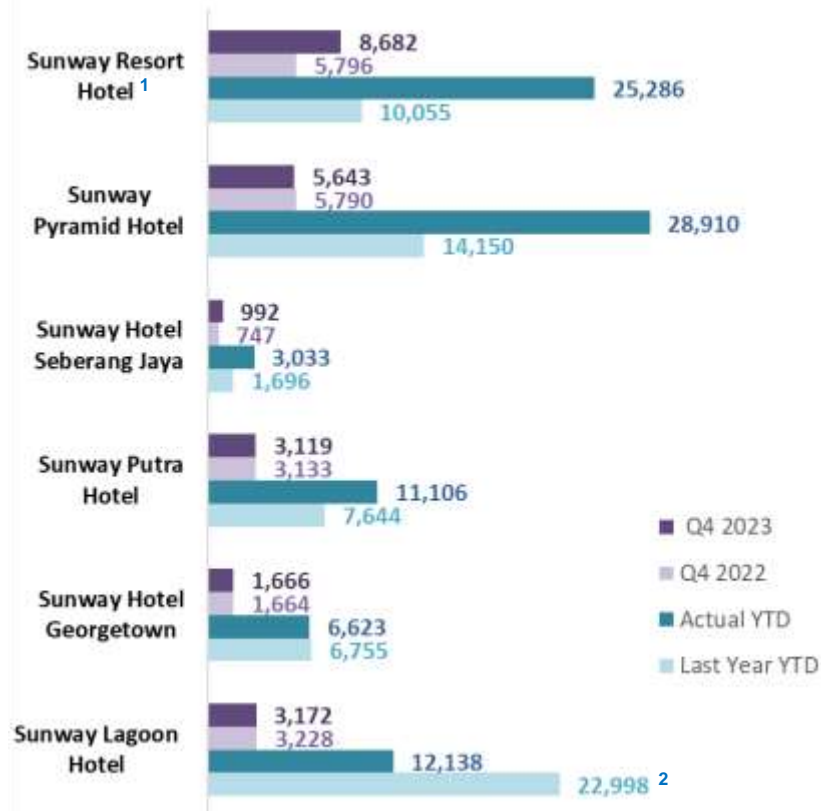
Hotel Segment : Q4 2023

Hotel Revenue		Hotel NPI	
	RM 23.3 million vs RM 20.4 million		RM 21.4 million vs RM 19.4 million
	(Q4 2023) (Q4 2022)		(Q4 2023) (Q4 2022)
	RM 87.1 million vs RM 63.3 million		RM 82.4 million vs RM 59.4 million
	(YTD Q4 2023) (YTD Q4 2022)		(YTD Q4 2023) (YTD Q4 2022)

The Hotel segment's revenue increased by 14% in Q4 2023 underpinned by an improvement in the average occupancy rate of 64% in YTD Q4 2023 (YTD Q4 2022: 54%).

The improvement in revenue was also contributed by the full 460-room inventory for Sunway Resort Hotel since July 2023 (after phased reopening in May 2022) and the overall improvement seen in the tourism industry from increased flight connectivity, increase in domestic and foreign tourist arrivals.





Hotel Turnover (in RM'000)



¹ Closed for refurbishment from July 2020 and reopened progressively since May 2022.

² Contributed by minimum guaranteed rent in Q1 2022

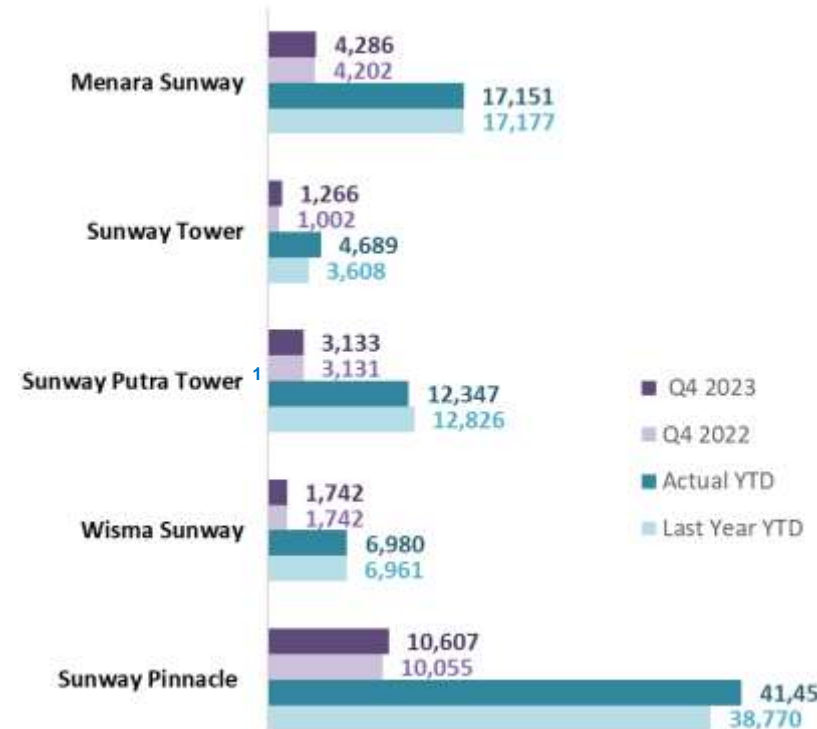
Office Segment : Q4 2023

Office Revenue		Office NPI	
 5%	RM 21.0 million	 3%	RM 13.0 million
vs RM 20.1 million	(Q4 2023)	vs RM 12.6 million	(Q4 2023)
	(Q4 2022)		(Q4 2022)
 4%	RM 82.6 million	 1%	RM 52.2 million
vs RM 79.3 million	(YTD Q4 2023)	vs RM 51.8 million	(YTD Q4 2023)
	(YTD Q4 2022)		(YTD Q4 2022)

Revenue for the office segment improved by 5% in Q4 2023, supported by a stable average occupancy rate of 84% in YTD Q4 2023.





Q4 2023 NPI increased in tandem.

Office Turnover (in RM'000)



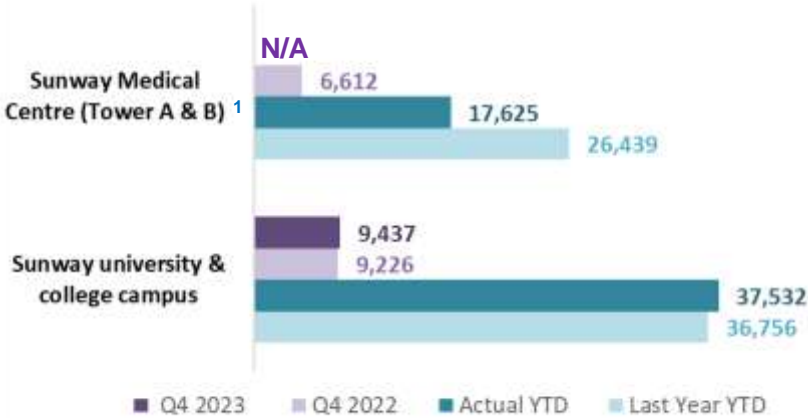
¹ Lower actual YTD rental from Sunway Putra Tower is due to the drop in average occupancy rate (termination of UOB since Q4 2022), stood at 80% in YTD Q4 2023 (YTD Q4 2022: 86%).

Services Segment : Q4 2023

Services Revenue		Services NPI	
 RM 9.4 million (Q4 2023) vs RM 15.8 million (Q4 2022)		 RM 9.4 million (Q4 2023) vs RM 15.8 million (Q4 2022)	
 RM 55.2 million (YTD Q4 2023) vs RM 63.2 million (YTD Q4 2022)		 RM 55.2 million (YTD Q4 2023) vs RM 63.2 million (YTD Q4 2022)	





The revenue and NPI for the services segment in Q4 2023 were lower by RM6.4 million or 40% as the disposal of Sunway Medical Centre (Tower A & B) was completed on 30 August 2023. Accordingly, the rental was only recognised up to this date.

Services Turnover (in RM'000)



¹ Sunway Medical Centre (Tower A & B) proposed disposal was announced on 29 December 2022 and completed on 30 August 2023.

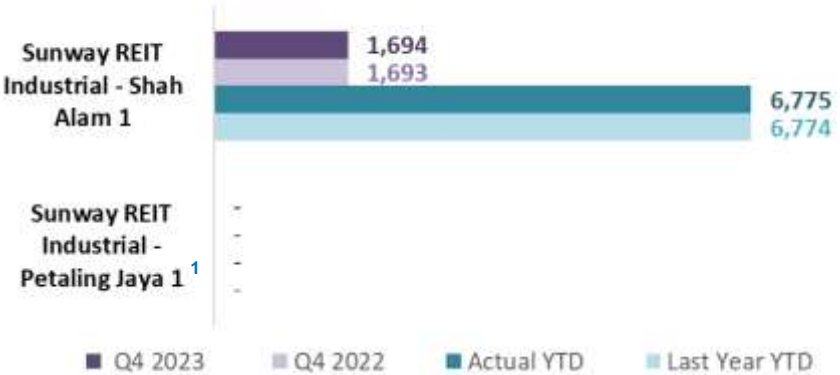
Industrial & Others Segment : Q4 2023

Industrial & Others Revenue		Industrial & Others NPI	
 0% RM 1.7 million vs RM 1.7 million (Q4 2023) (Q4 2022)	 -33% RM 1.1 million vs RM 1.7 million (Q4 2023) (Q4 2022)		
 0% RM 6.8 million vs RM 6.8 million (YTD Q4 2023) (YTD Q4 2022)	 -22% RM 5.3 million vs RM 6.7 million (YTD Q4 2023) (YTD Q4 2022)		

The Industrial & others segment recorded stable revenue in Q4 2023 as the rent review for Sunway REIT Industrial – Shah Alam 1 will be conducted every three years, with the last review on 1 January 2022 in accordance with the master lease agreement.

However, NPI of the Industrial & Others segment in Q4 2023 dropped by RM0.6 million or 33% mainly due to the operating expenses arising from Sunway REIT Industrial – Petaling Jaya 1 as the majority of the spaces are vacant in the current quarter.

Industrial & Others Turnover (in RM'000)



¹ Acquisition was completed on 10 November 2022. A tenant has commenced its tenancy in December 2023 and another tenant is expected to move in July 2024, contributing to total occupancy of approximately 40%.

MARKET OUTLOOK (Q4 2023)



General Outlook

Indicator	2024 (F)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2022	2021
Gross Domestic Product (GDP) (yoy)	4.0% - 5.0% ⁴	3.4% ⁵ (FY2023: 3.8%)	3.3% ¹	2.9% ¹	5.6% ¹	8.7% ¹	3.1% ¹
Consumer Price Index (yoy)	2.1% - 3.6% ⁴	1.5% ² (FY2023: 2.5%)	1.9% ²	2.8% ²	3.6% ²	3.3% ²	2.5% ²
Overnight Policy Rate (OPR)	3.0% ³	3.0%	3.0%	3.0%	2.75%	2.75%	1.75%

¹ Source: Bank Negara Malaysia

² Source: Department of Statistics Malaysia

³ Source: Bloomberg's economists consensus forecast

⁴ Federal Budget 2024, Ministry of Finance

⁵ Advance GDP Estimates as at 19 Jan 2024 (Source: Department of Statistics Malaysia), actual GDP to be announced on 16 Feb 2024



General Outlook

In 2024, the Manager approaches the year ahead with cautious 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 for the long-term prospects of the economy.

Sunway REIT is confident that Malaysia's domestic consumption will be supported by low unemployment and reasonable economic growth. The Manager is hopeful that stronger tourist arrivals will be another booster to the local economy. In addition, we anticipate the impact of the implementation of high value goods tax and increase in sales and service tax ("SST") from 6% to 8% to be minimal.

In line with consensus, it is anticipated that the Overnight Policy Rate ("OPR") is expected to stay at the current level for an extended period as the present monetary policy stance remains supportive of the economy, which is consistent with the current assessment of inflation and growth prospects. The Manager will maintain its dynamic capital management stance and seek opportunities to capitalise on any change in interest rate direction in managing our borrowing cost.

Segmental Outlook



Retail Segment

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 at 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.

Segmental Outlook



Hotel Segment

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.

Segmental Outlook



Office Segment

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.

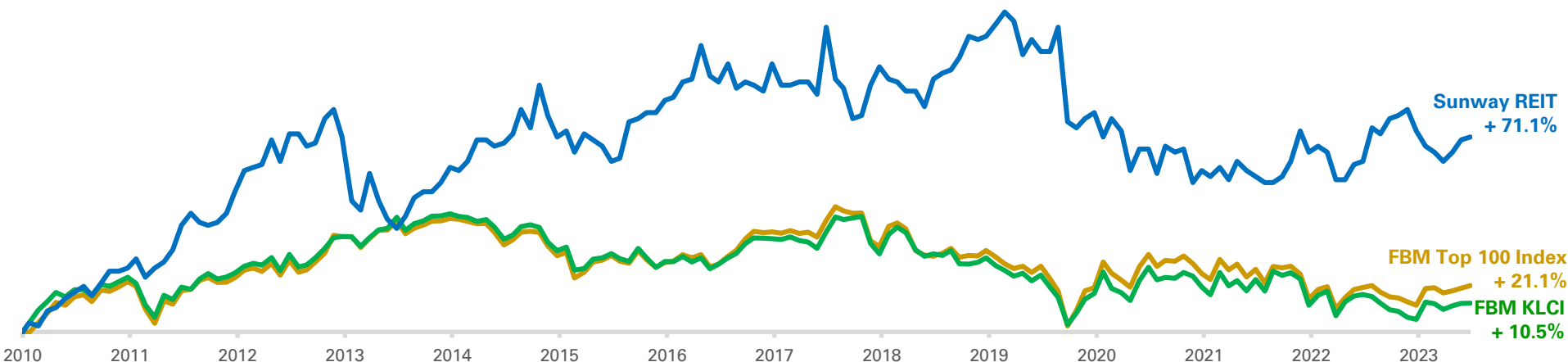
Against the backdrop of supply outstripping demand, it is projected that rental rates and occupancy rates for the office segment will remain challenging. Nonetheless, the Manager is confident that the contribution of the Office segment in Sunway REIT's portfolio will remain stable in FY2024.

INVESTOR RELATIONS (Q4 2023)



Unit Price Performance from IPO to Q4 2023

Unit Price Performance of Sunway REIT versus Benchmarks (8 July 2010 – 31 December 2023)

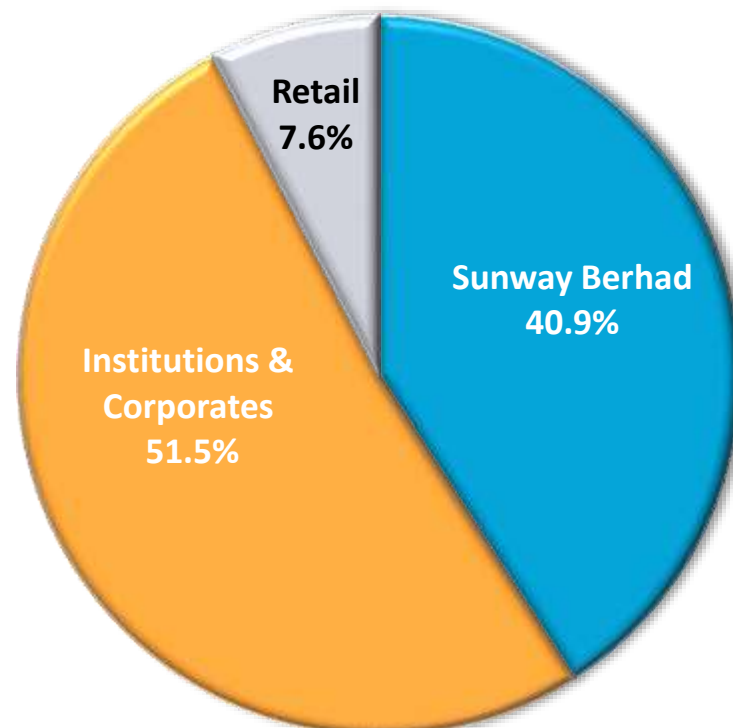
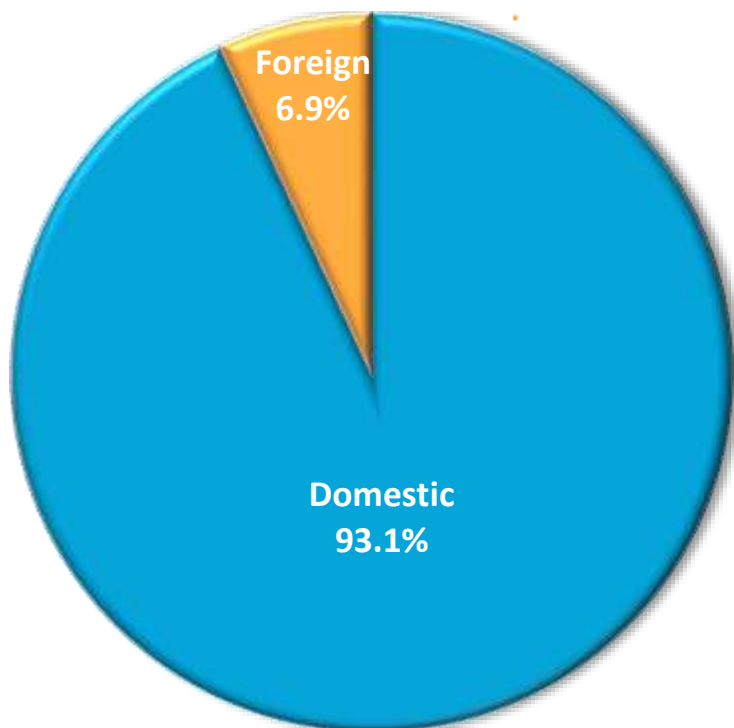


Performance Statistics

	IPO to Q4 23	FY 2023
Unit Price (8.7.10 / 31.12.22)	RM0.90	RM1.46
Closing Price (31.12.2023)	RM1.54	
Highest Price	RM1.98	RM1.66
Lowest Price	RM0.88	RM1.44
Daily Ave Vol ("million" units)	1.98	1.83
% Change in Unit Price	+ 71.1%	+ 5.5%
% Change in FBM KLCI	+ 10.5%	- 2.7%
% Change in FBM100 Index	+ 21.1%	+ 0.6%
% Change in M-REIT Index	n/a	+ 1.2%

Source: Bloomberg

Unitholders' Composition (as at 31 December 2023)

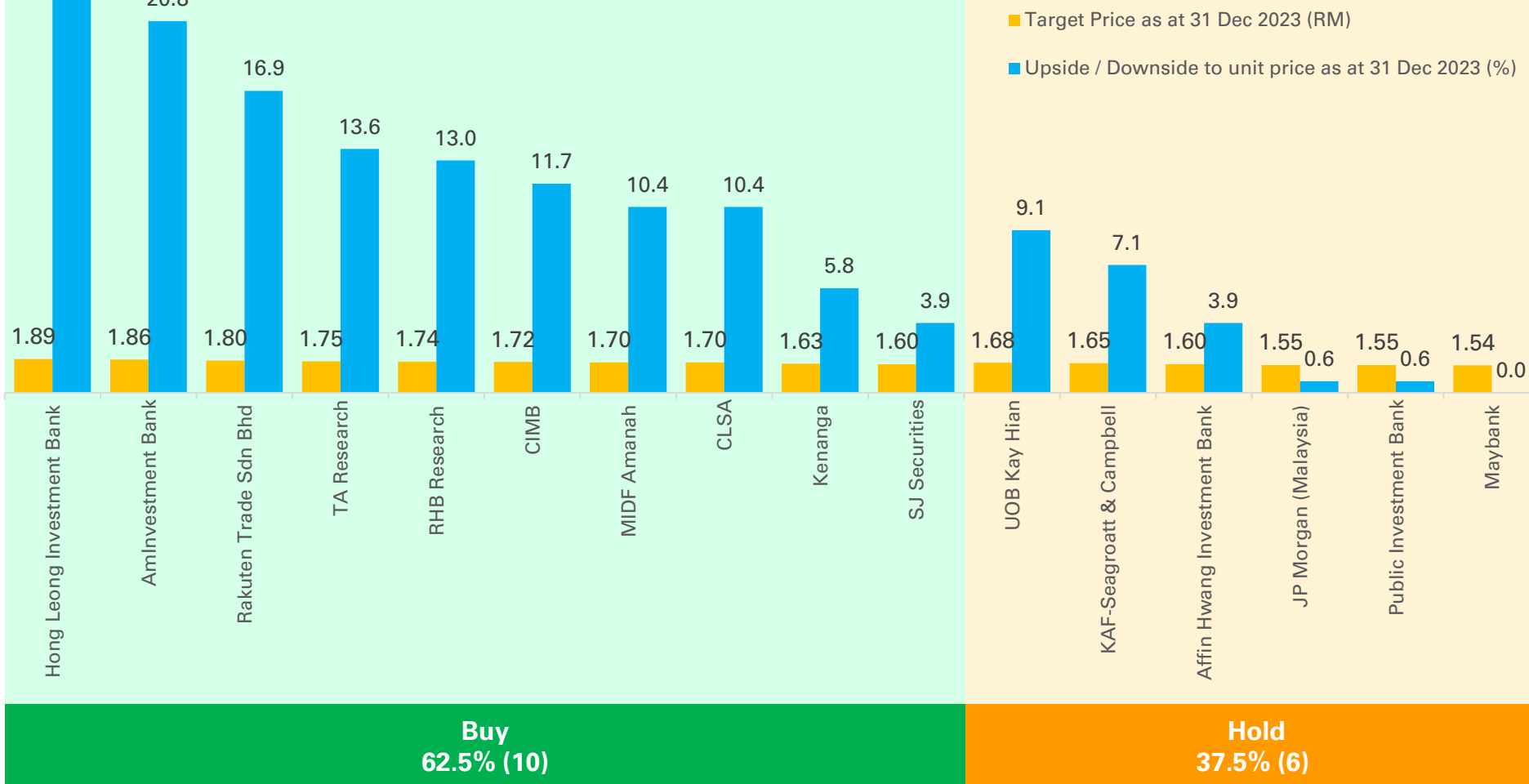


	December 2023	September 2023	Q-o-Q Change
No of unitholders	31,554	31,864	- 310 (-1.0%)
Retail unitholders	7.6%	7.7%	- 0.1%
Foreign unitholders	6.9%	7.2%	- 0.3%
Sunway Berhad	40.9%	40.9%	Unchanged

Source: ROD listing by Tricor

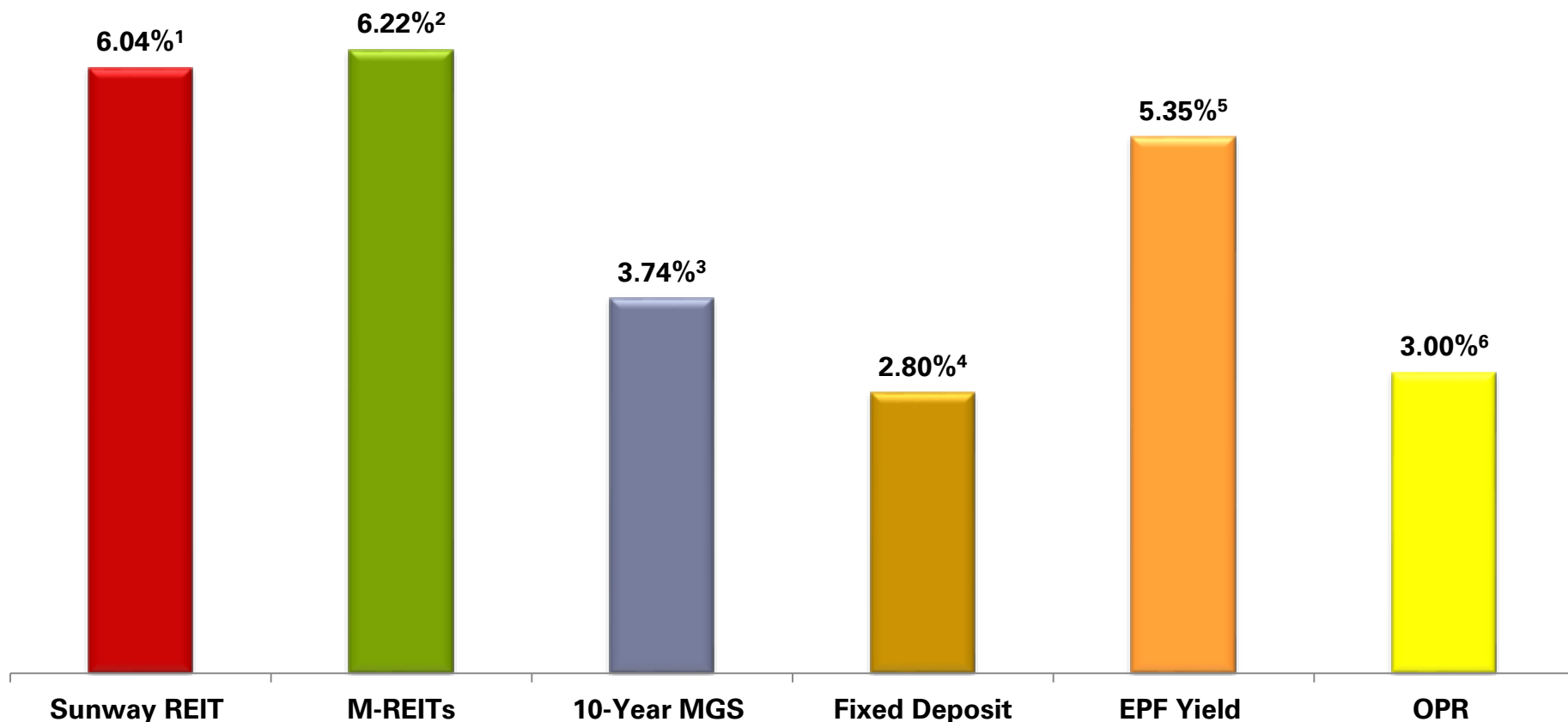
Analysts Recommendation (as at 31 December 2023)

Average Consensus
Target Price = RM1.69



Source: Bloomberg and various research firms

Comparative Yields for Various Assets (as at 31 December 2023)



Note:

¹ Distribution yield is computed based on actual FY 2023 DPU of 9.30 sen and unit price of RM1.54 as of 31 Dec 2023 (Source: Sunway REIT)

² Information based on consensus FY2023 DPU forecast and unit prices of M-REITs as of 31 Dec 2023 (Source: Bloomberg)

³ Information as of 31 Dec 2023 (Source: Bank Negara Malaysia)

⁴ 12-Month Fixed Deposit rates offered by Maybank as of 31 Dec 2023 (Source: Maybank)

⁵ Dividend yield declared by Employees Provident Fund for the year 2022 (Source: Employees Provident Fund)

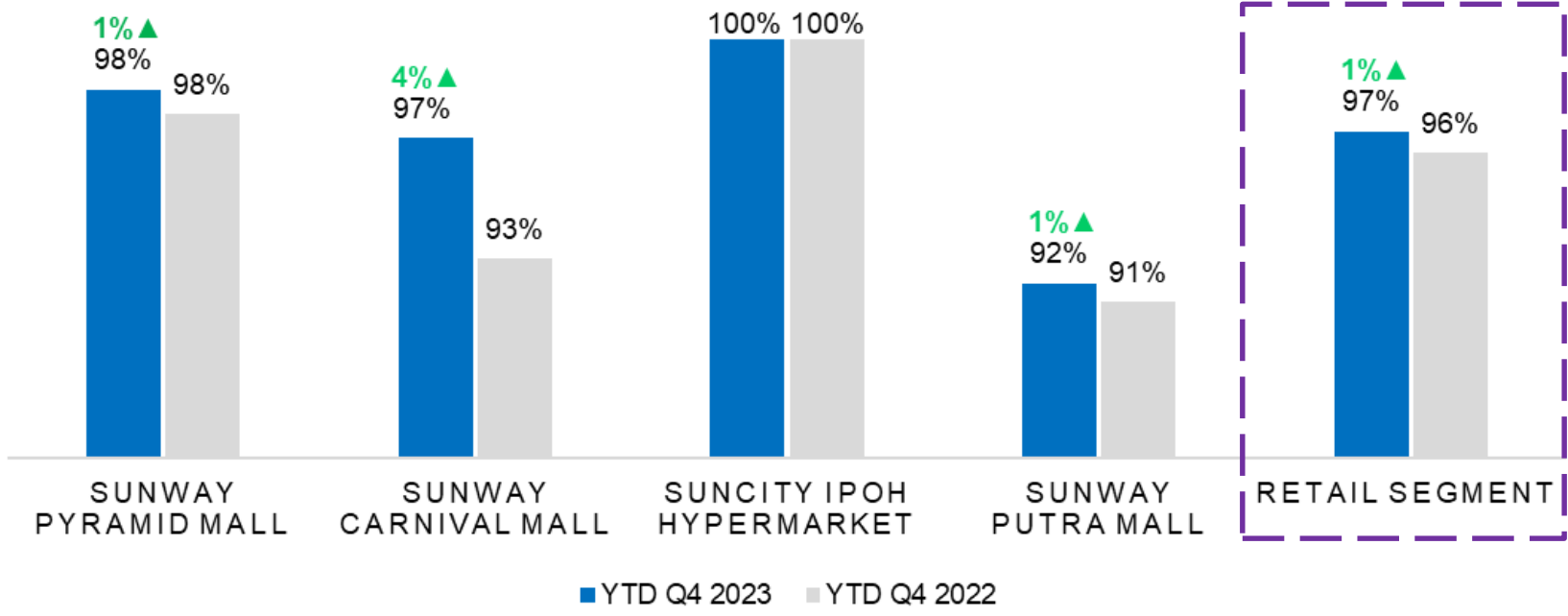
⁶ Overnight Policy Rate as of 2 Nov 2023 (Source: Bank Negara Malaysia)

APPENDIX I: PROPERTY PERFORMANCE (YTD Q4 2023 YoY Analysis)



Average Occupancy Rate (YTD Q4 2023)

RETAIL



The Retail segment recorded an improved average occupancy rate stood at 97% in YTD Q4 2023, which was supported by the commencement of new tenants and replacement of tenants across our retail malls.

SunCity Ipoh Hypermarket is occupied by single tenant, TF Value-Mart, which commenced business in June 2020.

Projected Lease Expiry Schedule

RETAIL

WALE = 1.35 years

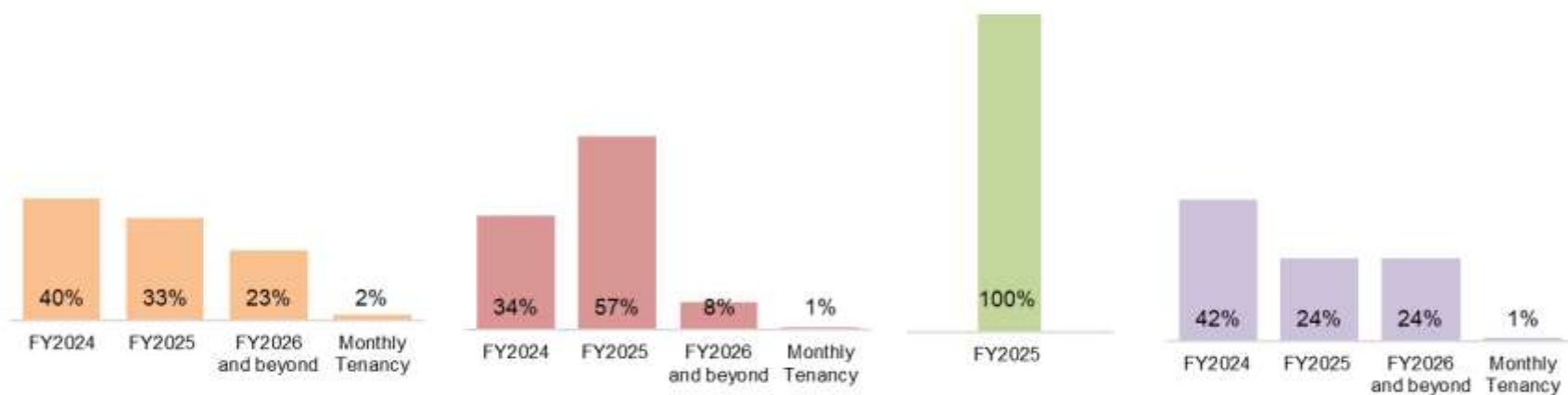
SUNWAY PYRAMID MALL

SUNWAY CARNIVAL MALL

SUNCITY IPOH HYPERMARKET

SUNWAY PUTRA MALL

Expiring tenancies as % of total NLA



Sunway Pyramid Mall
 Based on the total net lettable area (NLA) of 1,205,858 sq. ft. due for renewal in 2023, a total of 946,298 sqf / 98.5% was renewed or replaced.

Sunway Carnival Mall
 Based on the total NLA of 154,784 sq. ft. due for renewal in 2023, a total of 145,452 sqf / 94.0% was renewed or replaced.

**There was a reduction in total NLA due for renewal owing to the ongoing refurbishment work for Sunway Carnival Mall existing wing.*

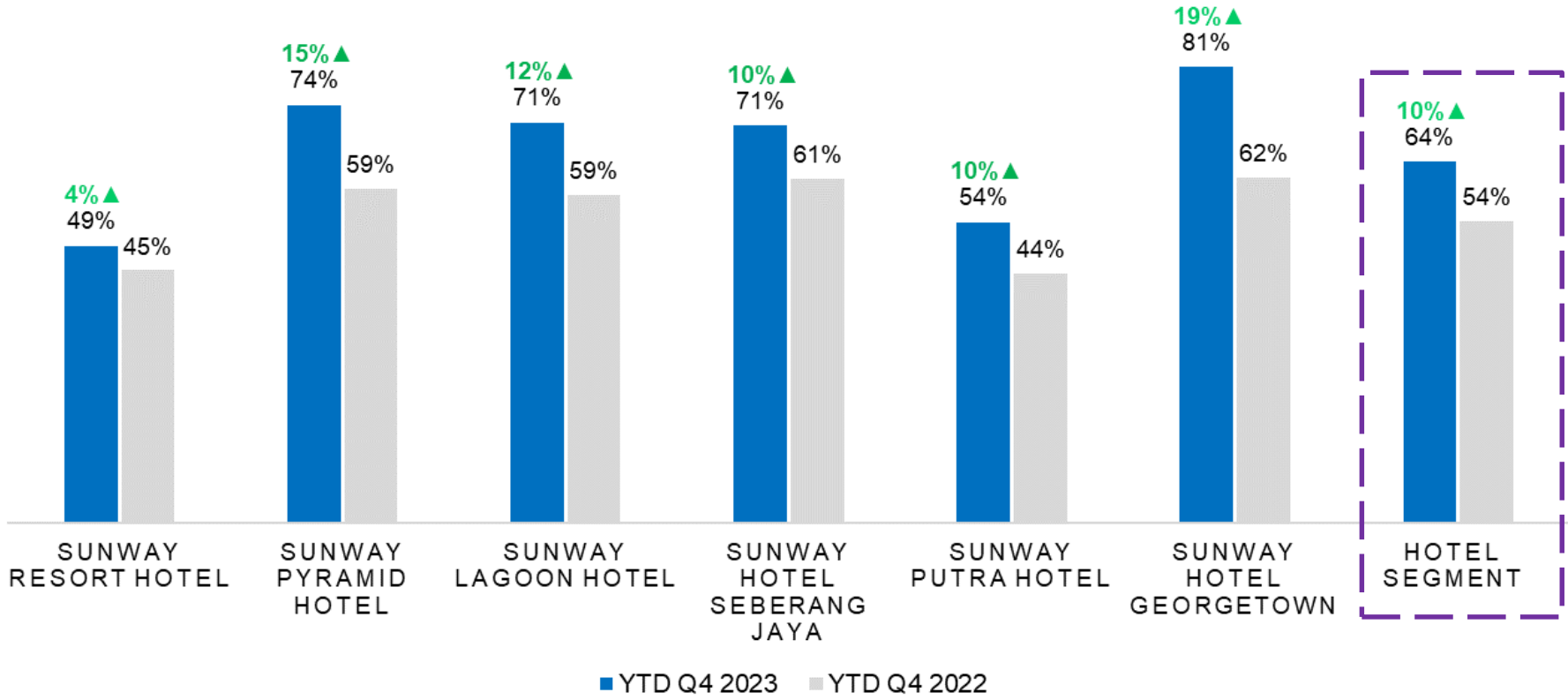
SunCity Ipoh Hypermarket
 Occupied by single tenant, TF Value-Mart, with tenancy expiring June 2025 (2 years term).

Sunway Putra Mall
 Based on the total NLA of 199,469 sq. ft. due for renewal in 2023, a total of 182,844 sqf / 91.7% was renewed or replaced.

Average Occupancy Rate (YTD Q4 2023)

HOTEL

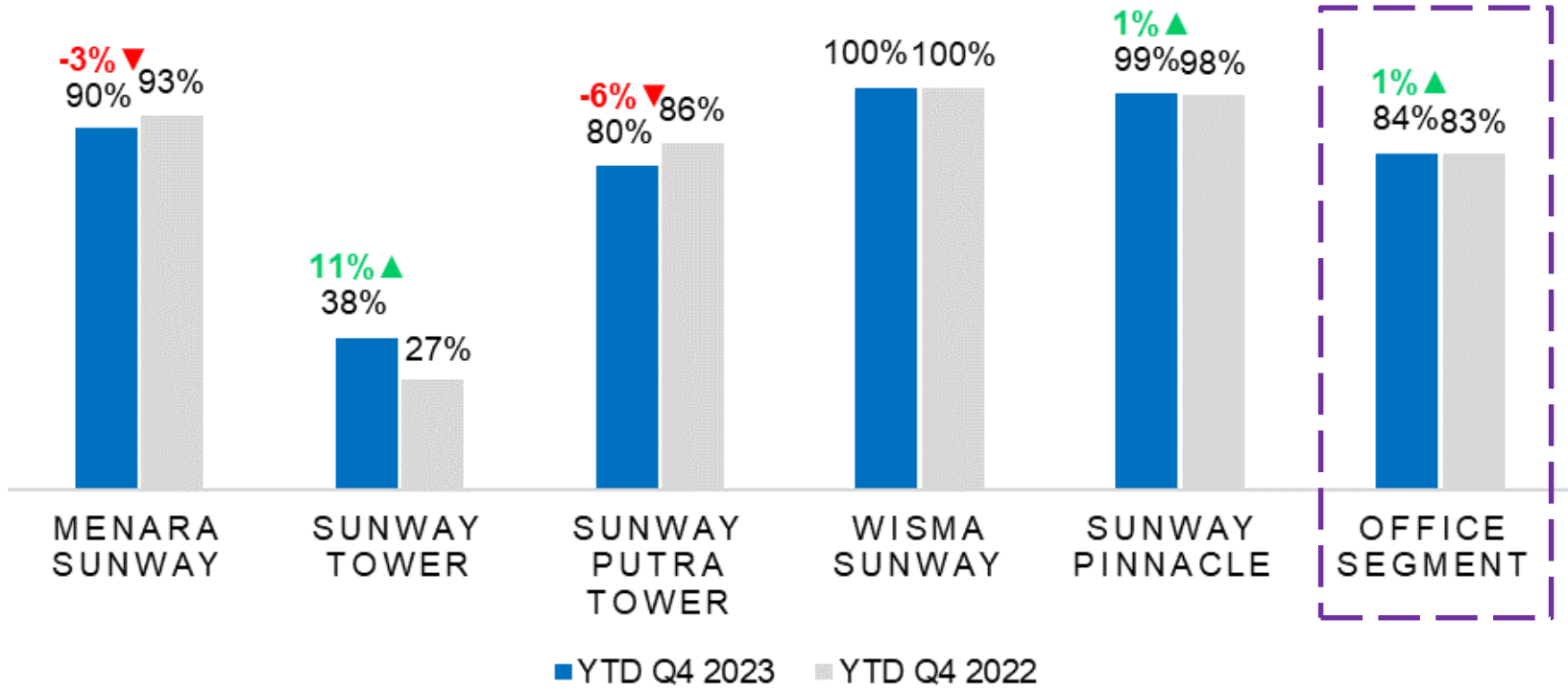
WALE = 6.05 years



The Hotel segment recorded 10% growth in YTD Q4 2023 as compared to YTD Q4 2022, mainly contributed by improved performance across all hotel properties driven by stronger pick up in tourism activity, demand from corporate and MICE activities, alongside the arrival of domestic and international tourists.

Average Occupancy Rate (YTD Q4 2023)

OFFICE

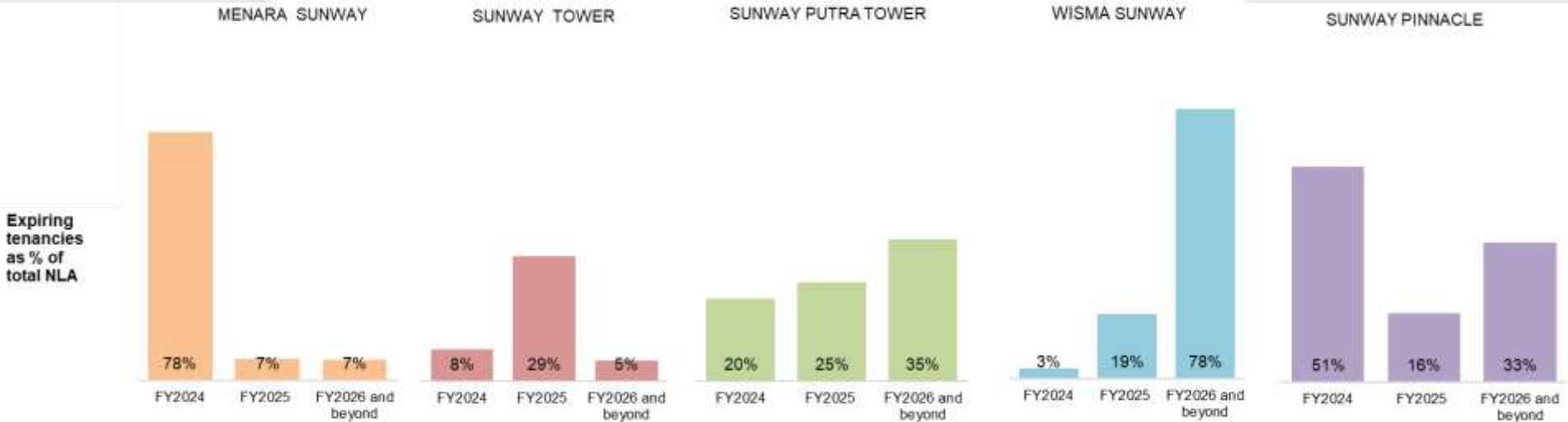


The Office segment recorded a marginal improvement in average occupancy rate in YTD Q4 2023, primarily supported by the commencement of new tenants in Sunway Tower and Sunway Pinnacle.

Projected Lease Expiry Schedule

OFFICE

WALE = 1.38 years



Menara Sunway
 Based on total NLA of 73,615 sq. ft. due for renewal in 2023, a total of 64,791 sqf / 88.6%, was renewed or replaced.

Sunway Tower
 Based on total NLA of 14,462 sq. ft. due for renewal in 2023, 100% was renewed or replaced.

Sunway Putra Tower
 Based on total NLA of 151,258 sq. ft. due for renewal in 2023, a total of 149,659 sqf / 98.9%, was renewed or replaced.

Wisma Sunway
 Based on total NLA of 134,050 sq. ft. due for renewal in 2023, 100% was renewed or replaced.

Sunway Pinnacle
 Based on total NLA of 210,647 sq. ft. due for renewal in 2023, 100% was renewed or replaced.

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