

SUNWAY[®]
REIT

VIRTUAL BURSA MARKETPLACE FAIR 2021
REITS: THE INSIDE SCOOP
10 July 2021



Disclaimer

This presentation is for information purposes only and does not constitute an offer, solicitation or advertisement with respect to the purchase or sale of any security of Sunway Real Estate Investment Trust (“Sunway REIT”) and no part of it shall form the basis of, or be relied on in connection with, any contract, commitment or investment decision whatsoever. The information contained in this presentation is strictly private and confidential and is being provided to you solely for your information. This presentation may not be distributed or disclosed to any other person and may not be reproduced in any form, whole or in part.

This presentation is not intended for distribution, publication or use in the United States. Neither this document nor any part or copy of it may be taken or transmitted into the United States or distributed, directly or indirectly, in the United States.

Sunway REIT has not registered and does not intend to register any securities under the U.S. Securities Act of 1933 (the “Securities Act”). Accordingly, any offer of securities of Sunway REIT is being made only outside the United States pursuant to Regulation S under the Securities Act. You represent and agree that you are located outside the United States and you are permitted under the laws of your jurisdiction to participate in any offering of securities of Sunway REIT.

This presentation may contain forward looking statements which are not subject to change due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; cost of capital and capital availability including availability of financing in the amounts and on the terms necessary to support future business; availability of real estate properties; competition from other companies; changes in operating expenses including employee wages, benefits and training and property expenses; and regulatory and public policy changes. You are cautioned not to place undue reliance on these forward looking statements which are based on Management’s current view of future events. These forward looking statements speak only as at the date of which they are made and none of Sunway REIT, its trustee, any of its or their respective agents, employees or advisors intends or has any duty or obligation to supplement, amend, update or revise any forward looking statement contained herein to reflect any change in circumstances, conditions, events or expectations upon which any such forward looking statement is based. Past performance is not necessarily indicative of its future performance.

This presentation does not constitute an offering circular or a prospectus in whole or in part. The information contained in this presentation is provided as at the date of this presentation and is subject to change without notice. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the accuracy, completeness or correctness of any information, including any projections, estimates, targets and opinions, contained herein. Accordingly, none of Sunway REIT, its trustee, officers or employees accept any liability, in negligence or otherwise, whatsoever arising directly or indirectly from the use of this presentation.



Table of Contents

1

Introduction to REIT

2

The Landscape of REITs in Malaysia

3

The New Normal and Emerging Trends

4

Rainbow Comes After the Storm



Introduction to REIT

What is a Real Estate Investment Trust?

Real estate investment trust (REIT) is a collective investment scheme which invests in a portfolio of **income generating** real estate assets, with an objective to distribute **regular income distribution** to unit holders of the REIT.



Investment in REITs provide indirect access to a large real estate portfolio.

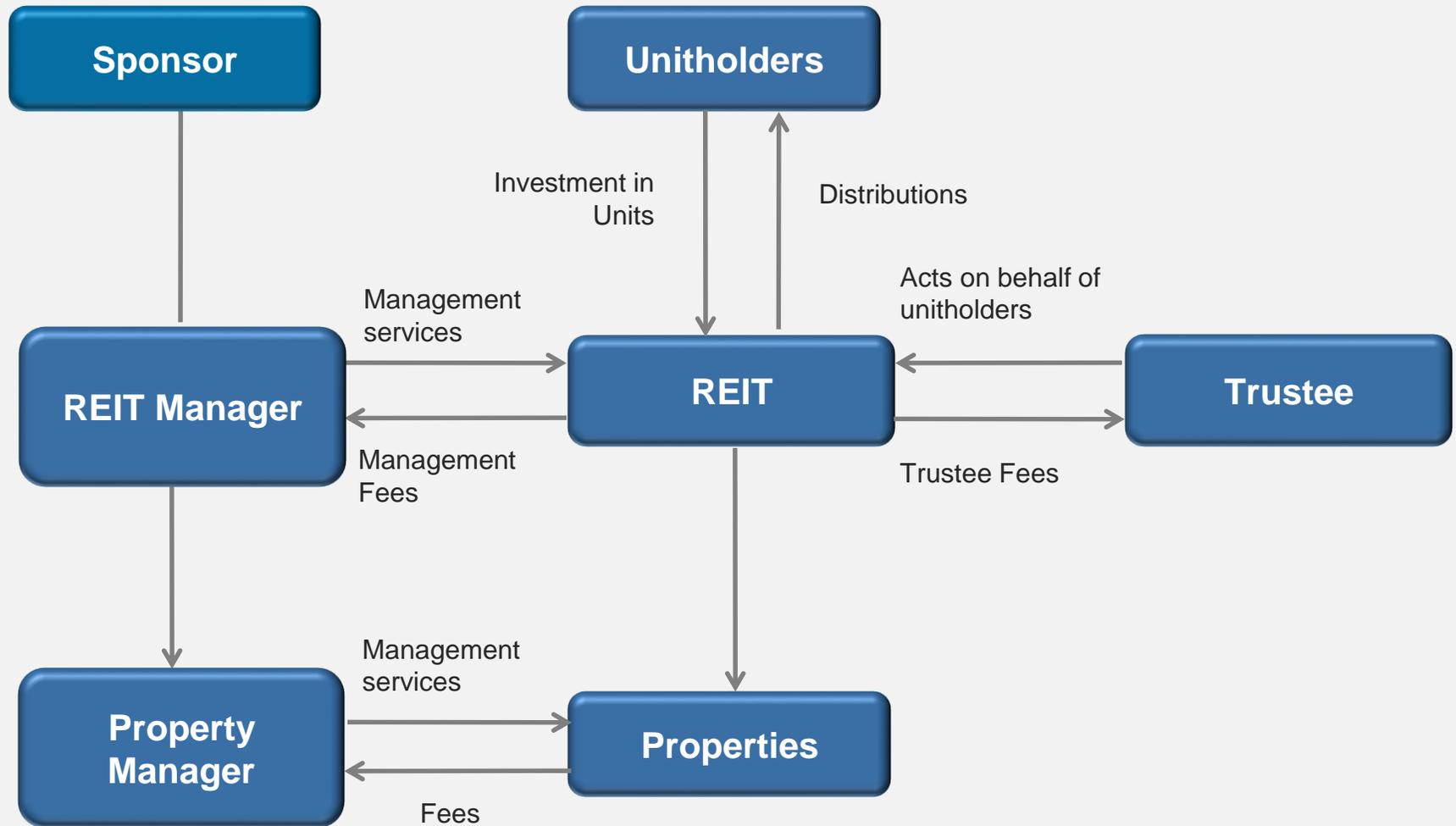


Assets of a REIT are professionally managed and governed by a trust deed, the stock exchange and the Securities Commission of Malaysia.



Tax transparency for a REIT that distributes **at least 90%** of its distributable income to unitholders, ie. **the REIT is exempted from corporate tax**. Individual unitholders are subject to a withholding tax of 10%.

REIT Structure



The Concept of REIT Investment



Why Invest in REITs?



1

Low barrier to entry (entry cost) to invest in high quality real estates portfolio



2

Regular **distribution income** enables predictability of sustainable stream of income



3

Liquid proxy to physical property investment as REITs offer **daily liquidity and transparent daily pricing**



4

Professional management, transparent disclosure and high level of corporate governance.

An aerial photograph of a city, likely Kuala Lumpur, Malaysia, showing a dense urban landscape with numerous high-rise buildings, residential areas, and green spaces. A semi-transparent white box with a diagonal cutout is overlaid on the left side of the image, containing the title text.

The Landscape of REITs in Malaysia (M-REITs)

M-REITs offer investment to a spectrum of property sub-sectors

Specialised REITs

Diversified REITs

Office

Industrial

Retail



Healthcare



Retail Focused



Industrial Focused



Hospitality



Office Focused

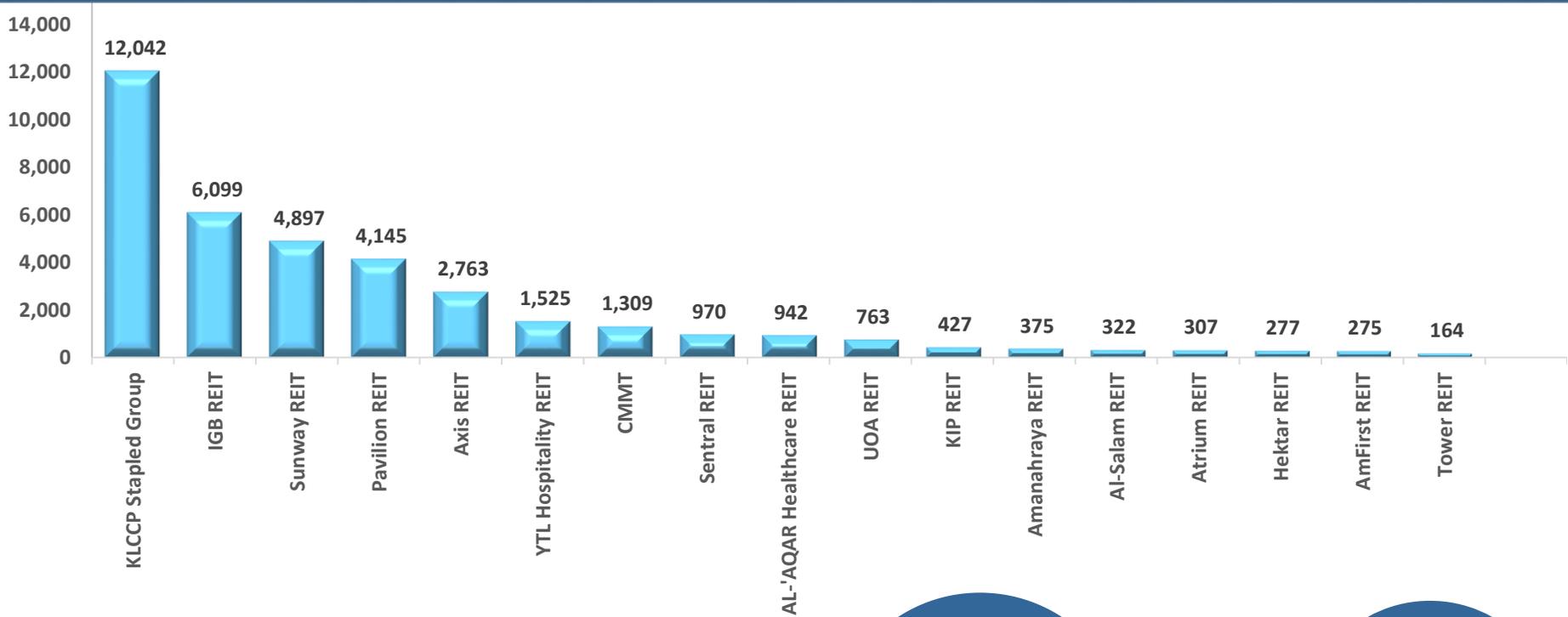


YTL HOSPITALITY REIT



M-REITs have grown leaps and bounds

Market Capitalisation (RM million) (as at 30 June 2021)

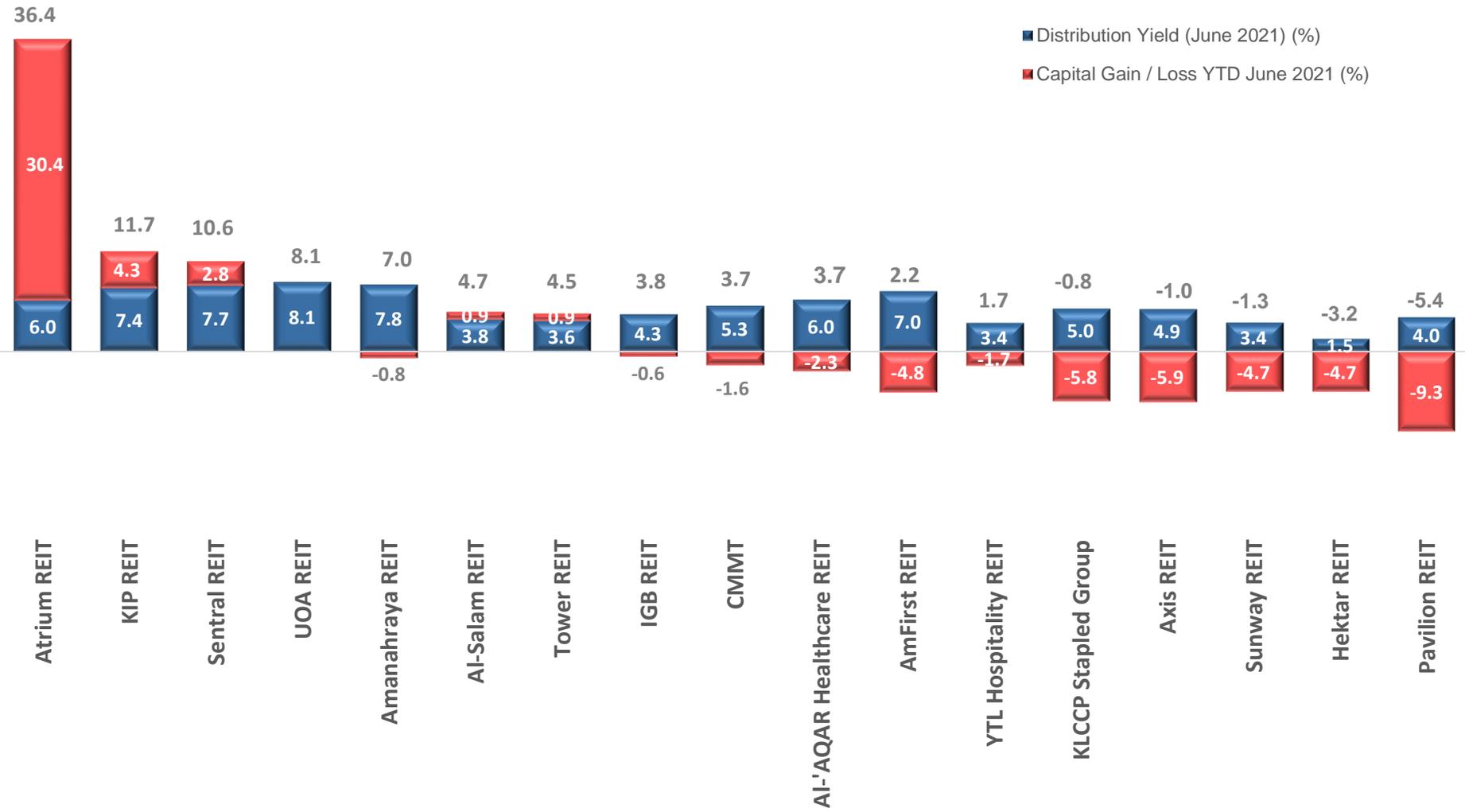


Source: Bloomberg

RM 37.6 billion
SUNWAY[®]
REIT

Performance of M-REITs are reflected in the total return

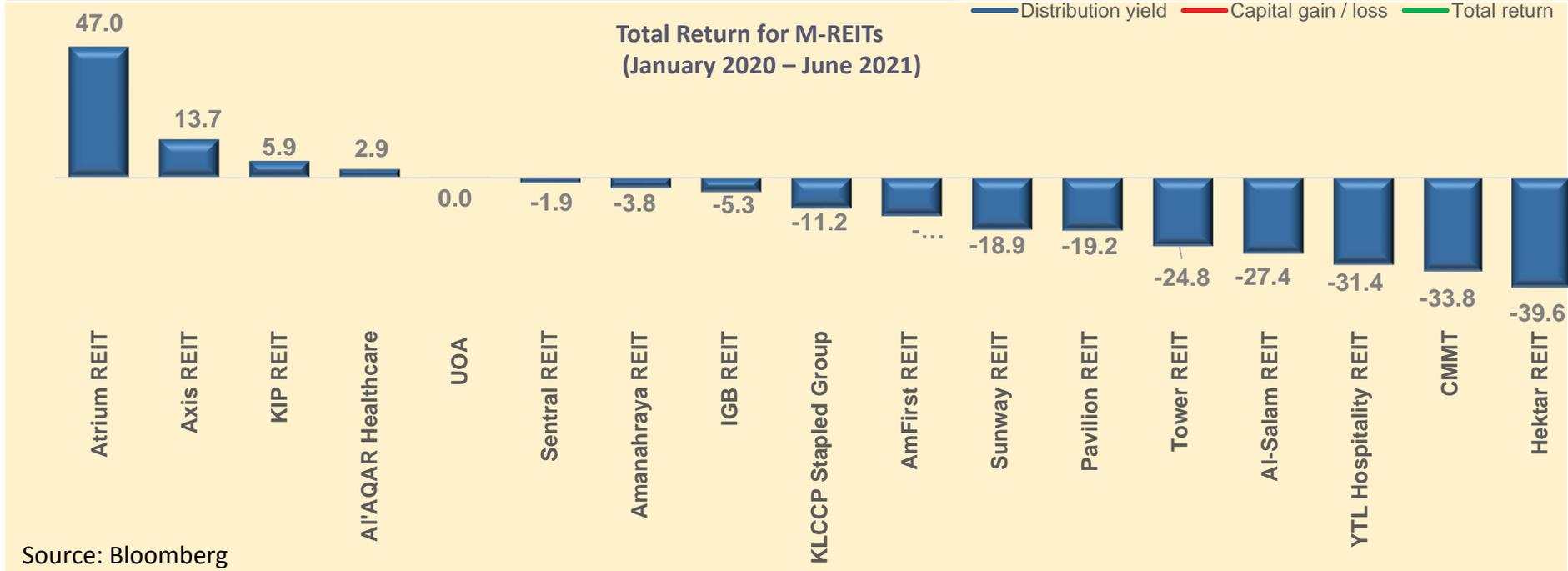
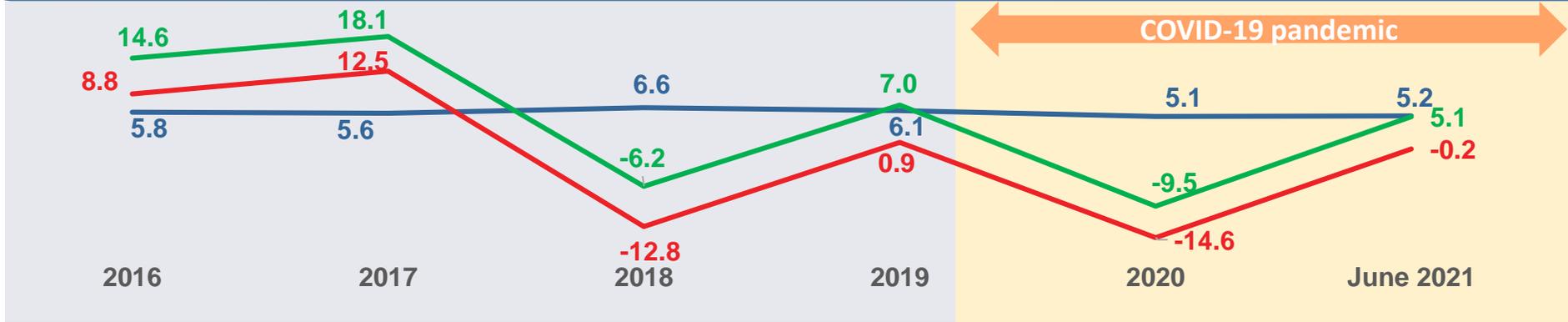
Total Return for M-REITs (Year-to-date June 2021) (%)



Source: Bloomberg

Performance of M-REITs are reflected in the total return

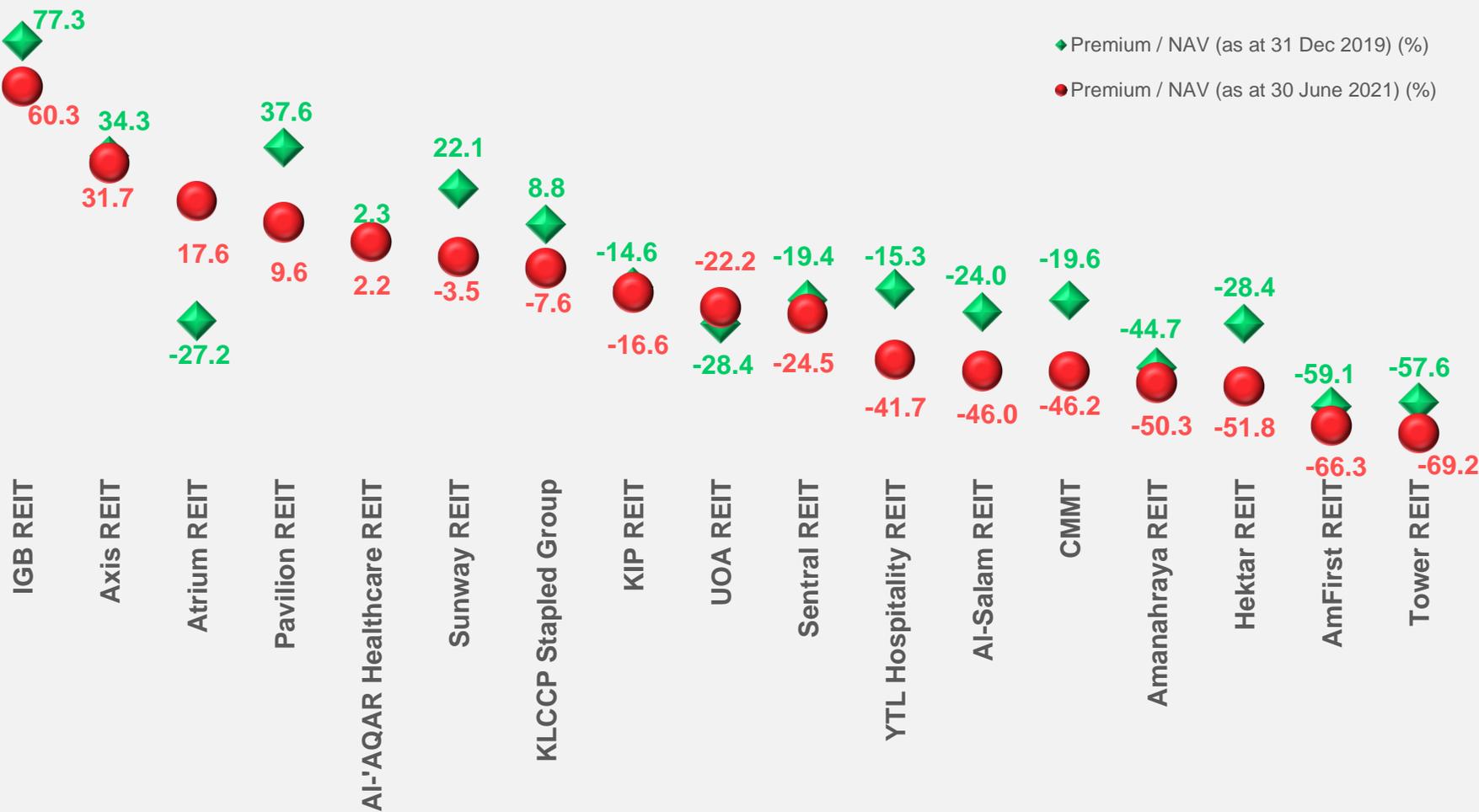
Historical Total Return for M-REITs (%)



Source: Bloomberg

M-REITs are trading at an average discount of 19%

Premium or Discount to NAV (June 2021 vs December 2019) (%)

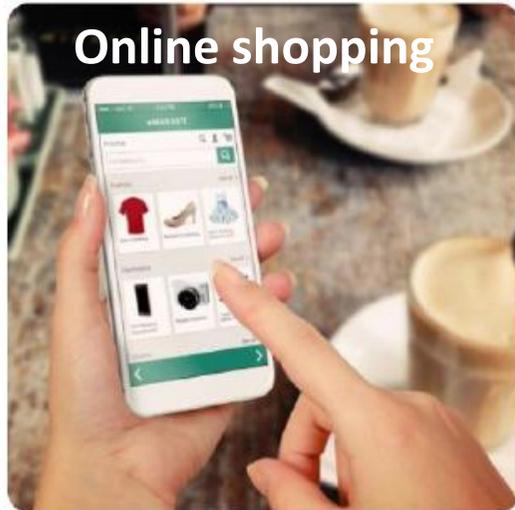


Source: Bloomberg



The New Normal and Emerging Trends

The New Normal Amidst COVID-19 Pandemic



Business Adaptation to the New Normal

Virtual Property Viewing & Leasing



SUNWAY
MEDICAL CENTRE

TELE-CONSULTATION
ANYWHERE. ZERO QUEUE



1:1 VIDEO CHAT SHOP LULULEMON

Personal Shopper Services



MIRROR Appointment

Experience the nearly invisible, smart home gym for yourself.



Product Recommendations

Need a new sports bra for running? Wondering about that new print? We're here to answer all of your product questions—and suggest new gear you'll love.



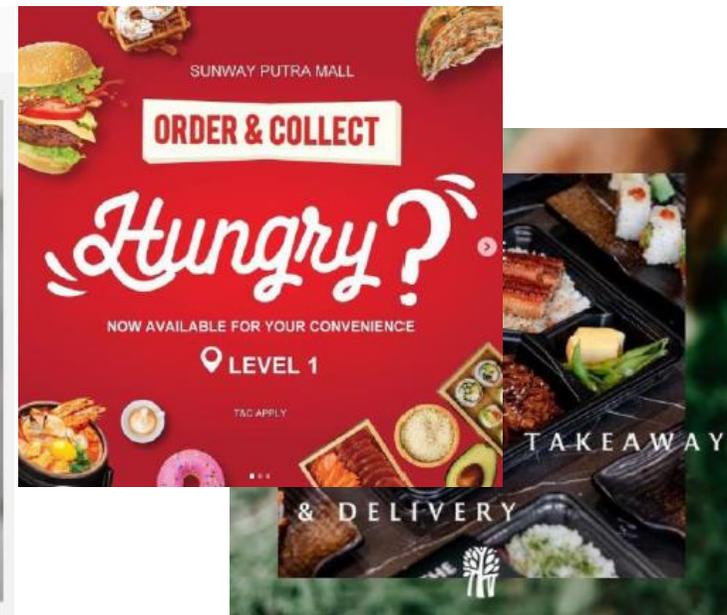
Fit and Size Help

Consider us the next best thing to a fitting room. We'll help you get up close and personal with our gear, so you can find the styles that fit just the way you want them to.



Gifting

Birthdays, holidays, or just because they're great—we'll help you find the perfect gifts for your favourite people.



SUNWAY[®]
REIT

Opportunities for M-REITs to Embrace New Emerging Trends

Retail Segment



Opportunities for M-REITs to Embrace New Emerging Trends

Office Segment



Co-working & Communal Living



Green & MSC Status Offices



Workspace



Leisure & Recreational



Collaborative Space

Opportunities for M-REITs to Embrace New Emerging Trends

Hotel Segment



Opportunities for M-REITs to Embrace New Emerging Trends

Emerging Segment



A nighttime photograph of the Pavilion shopping mall in Kuala Lumpur. The image shows a modern building with a glass facade and a central fountain with three tiers of water. The fountain is illuminated with pink and purple lights. The building's facade is lit up with warm yellow lights. In the background, there are several tall skyscrapers. The sky is dark blue. The overall scene is a vibrant urban night scene.

Rainbow Comes After the Storm

ARMANI / KL

The
LOAF

Retail – Pent-up Demand To Boost Retail Footfall

Short Term

- Retail sector will continue to see a **challenging period** due to ongoing movement restrictions where the retail malls are not operating at full capacity.
- Landlords or retail mall owners takes the opportunity to **rebuild the confidence level** of public by ensuring high **hygiene and safety standards** as well as **service offerings**.

Medium Term

- **“Revenge spending”** may stimulate pent-up demand which will contribute positively to retail footfall and sales.
- Retailers need to adjust to the new normal where the social distancing rules will remain in force, especially whose businesses are dependent on capacity such as entertainment, cinema, enrichment centres, indoor attractions, etc.

Long Term

- On a brighter note, the **fundamentals of the macroeconomy** and **roll-out of mass vaccination programme** will provide an impetus for normalcy to resume.
- Despite digital sales taking over the scene during MCO period, retail malls will continue to be relevant as **retail experience, entertainment and social gathering is paramount to healthy community living**.

Hotel – Recovery Albeit Gradual

Short Term

- Domestic travel to be the industry's focus before border reopening; to focus on **domestic leisure and business travelers**.
- To focus on **survivability and ensure breakeven** of the operations by offering competitive room rates, attractive packages and **services tailored** to what the market desires.

Medium Term

- An opportunity for hoteliers to undertake **refurbishment activities** to rejuvenate the assets ahead of longer term recovery.
- Paramount for hotels to provide **unique and tailored services** to attract local travelers from other states once the interstate restrictions are lifted.

Long Term

- Recovery of the tourism and hospitality sector will be **gradual and over a longer duration** until the **pandemic “fear” dissipates** globally.
- The **resurgence of international travelling for business and leisure is expected to resume** after a prolonged period of lockdown upon achieving herd immunity.

Office – Paradigm Shift to Drive Demand for Offices

Short Term

- **Uncertainties surrounding businesses** given the pace of change COVID-19 brought about; priority in **preserving cash and delaying the capital expenditure activities** leading to reduced leasing activities in the market.
- **Shorter tenure leases and smaller area** as tenants capitalize on the savings from leaner workforce.

Medium Term

- Continuous cost containment effort by businesses may lead to movement of tenants in the office market.
- **WFH is gaining traction**, which may widen the supply and demand mismatch gap.
- For businesses to grow once again, the **speed of vaccine rollout is crucial** to paving the way for **business recovery**.

Long Term

- **Supply** of offices continues to **build up**; it is a case of survival of the fittest where **office buildings within integrated developments and transit-oriented-development** will be benefitting from the ecosystem.
- **Hybrid-model trend of WFH and in-office** will impact the future demand for office spaces, **affecting how office buildings and layouts** are designed to accommodate such trend in the future.

Industrial and Services – A Resilient Sector

Short Term

- The **exponential growth of the e-commerce sector** during the pandemic has created a surge in **demand** for the operations of **warehousing and logistics companies**.

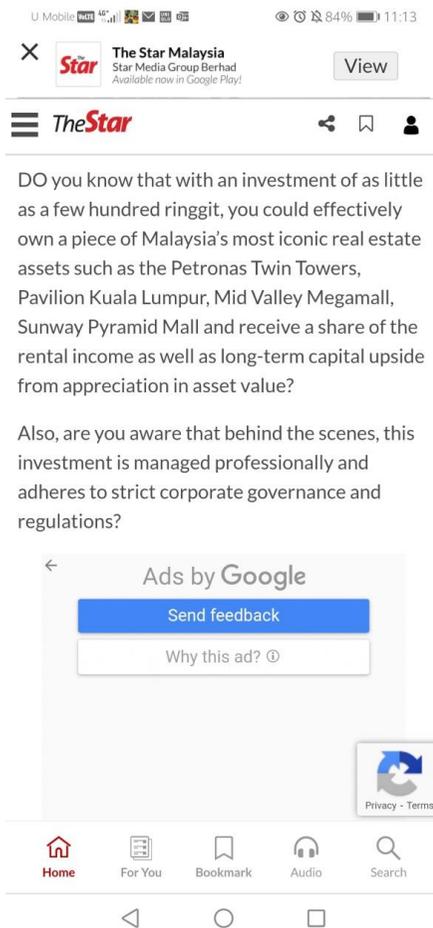
Medium Term

- Industrial sector is expected to be **resilient with rising demand** in the logistics distribution centre segment.
- The fast-track approval mechanism for manufacturing licenses and tax incentives with the establishment of **Project Acceleration and Coordination (PACU)** will help **raise the country's attractiveness** in the eyes of **foreign investors**.

Long Term

- Growing **demand for last-mile delivery** facilities will continue to push for e-commerce expansion, where ease of access to and from the industrial asset will be the main criteria for meeting the needs of logistic players.
- **Malaysia Vision Valley** and **Digital Free Trade Zone** would provide an additional boost to the economy in the longer term.

Follow M-REITs Column @ The Star



<https://www.thestar.com.my/business/business-news/2021/05/29/the-force-awakens---the-rise-of-malaysian-reits>

<https://www.thestar.com.my/business/business-news/2021/06/26/practical-measures-to-implement-for-reits>

THANK YOU

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

Sunway REIT Management Sdn Bhd
(Manager of Sunway REIT)
Email: crystaltil@sunway.com.my
Contact: (011) 1878 8789
Website: <http://www.sunwayreit.com>